

LONGINES



FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Ulster truce hopes dashed

Provisional IRA, claiming responsibility for a spate of attacks on hotels in the province, has dashed Ulster's hopes of a Christmas cease-fire.

The Provost's hard line was seen as a reply to the Prime Minister, who said during his visit to Ulster on Wednesday that the "tiny band of terrorists" in the province were losing

BUSINESS

New tap exhausted; Equities quiet

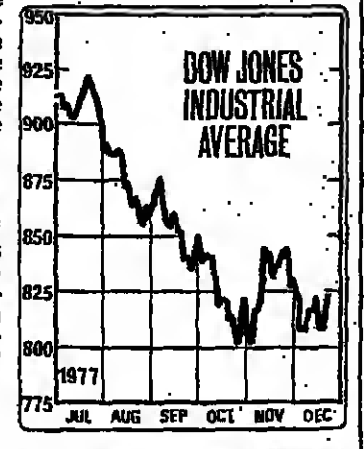
NEW 2800m. issue of long-dated tap stock was over-subscribed following rises in Giltis earlier this week, but indications were that applications were only 11 to 13 times the amount offered. Trade was thin and the Government Securities Index closed 0.17 down at 77.43.

EQUITIES traded within narrow limits and the FT index closed 1.6 up at 481.6.

THE DOLLAR rose sharply in foreign exchanges, and its depreciation narrowed to 4.08 per cent. (4.72). STERLING fell 2.95 cents to \$1.8550, its trade-weighted average 64.0 (64.4).

GOLD fell \$1 to \$1897.

WALL STREET closed 7.88



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PRICE CHANGES YESTERDAY

Gold	85 + 4
Rush & Tompkins	124 + 5
Spencer & Jackson	144 + 2
Thames Valley	364 + 4
York Trailer	75 + 3
RP	894 + 4
Ocean Resources	594 + 4
Panconventual	408 + 16
Southvaal	408 + 16
Crullion	28 - 11
HK & Shoozhai Bk	285 - 4
Tate & Lyle	290 - 4
Wallis Fashion	203 - 10
Wilkinson Match	245 - 10
Berjuntal	245 - 10
Cong. Murchison	280 - 12
Burban Deep	240 - 12
East Rand Prod.	307 - 12

South Africa goes ahead with nuclear fuel plant plans

By David Fishlock London and Richard Rolfe Johannesburg

South Africa is to go ahead with plans to build a commercial uranium enrichment plant for nuclear fuel. The Uranium Enrichment Corporation has awarded a R500m. (£305m.) contract to a South African group.

The group, Murray and Roberts, is to build the factory close to its pilot plant at Johannesburg.

Robertson Construction, a Murray and Roberts subsidiary, was responsible for the pilot plant, using a process developed by the South African Atomic Energy Board. That plant has been in operation since 1975 and was completed last year.

An official Government announcement that the long-awaited decision to go ahead with the project has been taken is expected early in the New Year, with a start on the site possibly as early as February. The final size of the plant may not be decided till late next year.

ESCOM, the State-owned electricity supply commission, appears to have made provision for the electricity required for about 2,000 to 3,000 MW in its plans for power station construction for the next five years. Two large new coal-fired stations are planned.

South Africa's decision to build the plant has almost certainly been prompted by fears that the enrichment ordered from the U.S. for Koeberg, its first nuclear power station, will not be delivered.

The U.S. Government is already withholding supplies of enrichment for the only existing reactor, the Safari materials test

EEC bid for North Sea oil pledge by U.K.

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT BRUSSELS, Dec. 22

THE EEC COMMISSION has proposed that the U.K. guarantee to supply North Sea oil to its EEC partners in exchange for being allowed to reduce the crude and refined oil stocks it is required to hold by Community law.

The reduction in these stocks from 76 days' supply to 54, for which Britain has been pressing, would cut their value by £2,500m.

The Commission proposal, which appears to have taken British officials by surprise, is that Britain give a binding undertaking that in the event of shortages it would continue to deliver the same volume of oil to EEC customers as was shipped in the equivalent quarter of the previous year.

Surrender

This scheme is in apparent conflict with the Government's consistent refusal to surrender any control over North Sea oil to the EEC unless the Community is prepared to agree to a minimum safeguard price for oil, or to measures to encourage development of U.K. coal resources.

Britain has pressed for many months for a cut in the level of oil stocks required by the EEC, which, it says, is too high in view of her easily recoverable North Sea reserves.

But the Government seems likely to regard supply guarantees as too big a price to pay for a concession on stocks.

£50m. cost

Since 1968 EEC countries have been obliged to stock crude oil, heavy and light fuel oil and petrol equal to 90 days' consumption. They have been permitted to reduce these stocks by up to 15 per cent. if they can make up the difference with domestic oil production.

The EEC rules, which cost U.K. oil companies more than £50m. in storage costs, are much

IN NEW YORK

December 22	Previous
Spw	\$1.8550/\$1.8550
1 month	\$1.8550/\$1.8550
3 months	\$1.8550/\$1.8550
12 months	\$1.8550/\$1.8550

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Profit-sharing proposals near completion

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

GOVERNMENT plans to boost employee share-ownership schemes through income tax and other concessions are likely to be published in the next few months in spite of scepticism among many CBI leaders and a distinct lack of enthusiasm among union leaders.

The plans stem from the Government's political pact with the Liberal Party. Liberals have been interested in company profits being distributed among individual employees through share ownership schemes for some time, but Labour leaders have never before considered backing such ideas.

Now, as a result of Liberal pressure, a consultative document is being finalised in the Treasury. It seems likely to include a major income tax concession which would allow employees to be allocated shares up to a stated limit without paying income tax.

There would probably also be some corporation tax advantages, so that there would be an inducement both for employees to demand profit-sharing schemes and for companies to introduce them.

The consultative document is expected to be discussed early next month by Mr. Joel Barnett, Chief Secretary to the Treasury, and Mr. John Fardoe, the Liberal economic spokesman.

It is likely to be published in the following weeks so that firm proposals could be included in the spring Finance Bill, but detailed progress will depend on the Government's continuing interest in the Lib-Lab pact and on how much backing is generated for profit sharing tax concessions, compared with other tax proposals being considered.

The attitudes of the CBI and TUC could be relevant here. So far, the CBI has been unenthusiastic about any major initiative on profit sharing, and its employment policy committee recently decided that it could see no positive general benefits in it. The committee decided merely to prepare an explanatory booklet and asked the CBI's economic policy committee to consider the broader issues of CBI policy.

There is also a lack of TUC enthusiasm although the unions are adopting a fairly low profile on the subject and there is no sign of them aggressively trying to persuade the Government not to give the Liberals what they want.

Some pressure

Union leaders will, however, be annoyed if the consultative document appears before the White Paper on industrial democracy stemming from the Bullock Report, which was handed to Ministers a year ago this month. Green Shelds has this time been some pressure for the profit-sharing document to be published before the Liberal special assembly on the Lib-Lab pact on January 21.

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Green Shield to merge all stamp redemption centres with Argos

BY DAVID CHURCHILL

GREEN SHIELD yesterday announced a further major rationalisation of its trading stamp operation by merging its stamp redemption centres with the Argos discount chain, an associated company.

The merger, plus the closure of 21 redemption centres with the loss of 200 full-time staff, means that by the middle of next year Green Shield will have no redemption centres operating under its name. It had 89 at the beginning of this year.

From next February, Green Shield stamps will be redeemable at the 65 Argos shops or at the 23 converted stamp redemption centres. The remaining 10 redemption centres will either be converted to Argos stores by next summer or closed down. Customers will be able to use stamps, cash or a combination of both to choose from Argos's 2,000 products—about double the number offered by Green Shield.

This latest cost-cutting exercise by Green Shield is part of its set up to take advantage of Green Shield's bulk-buying ability but, in the economic recession, it has benefited by the boom in discount operations.

Under the merged operation, complete Green Shield stamps will be accepted, with an exchange value of 56p in Argos showrooms. Green Shield says that, added to Argos discount prices, this gives each book a value of 75p. Books can be exchanged for 42p each.

Mr. Tom McAuliffe, Green Shield's chief executive, said yesterday that the rationalisation of the two companies would "make Green Shield stamps a more attractive proposition than at any time in our 19-year history."

With the planned expansion of Argos shops, stamp savers would have more places to exchange their books and a wider range of products to choose from.

In spite of their combined trading operation, Green Shield products—about double the number offered by Green Shield, is a private company wholly-owned by Mr. Richard Tompkins. It was set up to take advantage of Green Shield's bulk-buying ability but,

The Why, When, Where and How of Hine Cognac

Why Hine?

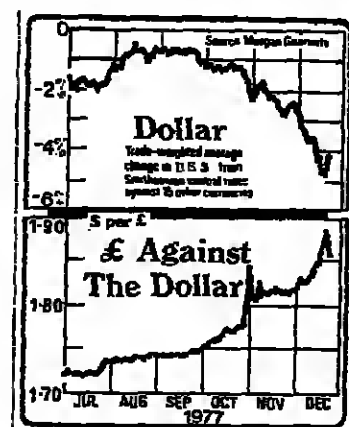
Hine (pronounced to rhyme with the English "fine") has special claim to be one of France's finest Cognacs. Hine Cognacs have been distilled and blended beside the Charente by six generations of the family.

You will hear little from Hine of the irrelevant myths that have attached themselves to Cognacs. Connoisseurs will even know that designations like VSOP mean little more than what the distiller chooses to make them mean.

So why Hine? Well those same connoisseurs will tell you that Hine VSOP is a shade more delicate, a shade more pleasurable than many other VSOP's and that while it is known that Cognac is blended from many rare and old distillations, then matured in casks of Limousin oak, the real secret lies in the taste of the distiller.

So why Hine? Ask a connoisseur. Better still, become one. Try Hine.

Hine The Connoisseurs' Cognac.



Germans welcome \$ moves

BY JONATHAN CARR

BONN, Dec. 22. THE WEST GERMAN Government today welcomed the statement by President Jimmy Carter on the dollar as the U.S. currency responded with sharp rises in the foreign exchange markets.

Herr Hans Apel, West German Finance Minister, said that the U.S. had now clearly acknowledged responsibilities both for world economic development and for its currency.

The dollar rose against leading currencies as a result of the U.S. package of measures to help the currency and to reduce oil imports. It was also helped by the effective freeze on oil prices by the OPEC countries.

[In London, the pound was over 3 cents lower at one stage at \$1.8515, closing with a loss of 2.95 cents at \$1.8550. Its trade-weighted index against a basket of currencies fell to 64.0 against 64.4 on the previous day.

The West German D-mark fell to DM2.1525 to the dollar against DM2.1180, while the Swiss franc dropped to Sw.Fr.2.0650 to the dollar.

Desires in the foreign exchange market pointed out that the movements had occurred in very thin trading, and questioned whether the improvement in the dollar would last, unless the U.S. followed the President's statement with firm action.

Positive

The positive official reaction in West Germany does not wholly conceal irritation that the U.S. statement has been so long in coming.

The view of both Government and Bundesbank is that the dramatic fall of the dollar in the last few weeks has not been justified even by the huge U.S. current account deficit.

A firm statement such as the President has now made could, it is felt, have helped arrest the fall earlier.

This gave point to the statement by Herr Apel. He pleaded for peace on the currency front and what he called a realistic level for the D-mark against the currencies of its main trading partners.

He did not attempt to define the level, but it is felt that if Continued on Back Page

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Private company

Since then, the company says it has recovered about half of the lost turnover, which is expected to reach £70m. this year after £77m. last year. It believes the Argos linkup will prevent duplication of resources. Green Shield will concentrate on marketing trading stamps and will leave the responsibility for buying and distribution to Argos.

Argos, like Green Shield, is a private company wholly-owned by Mr. Richard Tompkins. It was set up to take advantage of Green Shield's bulk-buying ability but,

Cinema

A happy Eastwood

by NIGEL ANDREWS

The Gauntlet (X)
Warner West End and Selected ABCs
The Last Remake of Beau Geste (A)
Giza. ABC Shaftesbury Avenue and Selected ABCs
Rollercoaster (A)
Empire
Big Banana Feet (AA)
Rialto
The Bad News Bears in Breaking Training (A)
Plaza 2
The Black Panther (X)
Plaza 3
Death Is Child's Play (X)
Classic Oxford Street
Wizards (A)
Classic Oxford Street
The Hiding Place (A)
Classic Oxford Street

of anarchy in the country of the free. There is no need to wheel out the covered wagon or undrape the cacti: the streets of modern America are wild and primitive enough.

The Gauntlet is so good-humoured and so neatly balanced on the edge of parody that it defies all the usual charges thrown at Eastwood's films of excessive violence and thick-headed authoritarianism. What mayhem there is mostly of the pyrotechnic variety—an exploding car, a bungalow that collapses after being riddled with bullets—and the film moves its serene and witty way to a time-honoured Hollywood denouement in which the villain gets his come-uppance, and the hero and heroine walk off arm-in-arm into the middle distance.

Cannibalism is a practice outlawed almost everywhere in the modern world except in the cinema. Marty Feldman's *The Last Remake of Beau Geste* is the latest example of that industry's weakness for the habit: a ragout of well-cooked movie clichés, spiced with self-parody in a manner refreshingly more monolithic than of yore, it winks in those narrowed, sun-dimmed eyes.

We begin with the Police Commissioner in Phoenix Arizona leading Eastwood to fly to Las Vegas to extradite a witness for an upcoming trial. The said

spinning newspaper is revealed as planned to the floor and causing much perplexity and dizziness to hatter Spike Milligan. But the supply of these is strictly limited, and the film never looks too happy when it has to look elsewhere for its comic inspiration.

Rollercoaster rides were one of the staple ingredients of the Cinerama films during the heyday of that spectacle in the 1950s, offering danger and fairground thrills by proxy much as today's disaster films offer vicarious sensations of doomsday panic. The two genres meet in *Rollercoaster*, and a great opportunity presented itself to the makers of creating the ultimate in Sensory Cinema. The opportunity, alas, is missed by a mile.

Timothy Bottoms plays the cherub-faced psychopath with a penchant for blowing up big dippers; George Segal and Richard Widmark are the intrapud troubleshotter who follow him from fairground to fairground, and finally try to stop him wreaking havoc on the "world's largest rollercoaster" at Magic Mountain, Los Angeles. Without wishing to give any that disasters are in very short supply in this film, and that most of its spectacle consist of George Segal treating himself to a seemingly interminable series of fairground rides, walking in band and paired. Segal,

Admirers of *The Bad News Bears*, on the other hand, should steer well clear of the sequel, *The Bad News Bears in Breaking Training*. Fond memories of the earlier film, in which Walter Matthau coaxed a team of no-hopers to success in America's Little League baseball competition—a fairy tale with lashings of lopsided charm and cynicism—render more unpalatable the sticky sentiment of this film. The California Bears triumph again, this time in a confrontation with a Houston team, but the road to victory is paved with wet intentions. A delinquent teenager learns how to love his father; an invalid boy is made happy; and the voluble Houston crowd learns how to stop rooting for the home thugs and love the Bears. Michael Pressman directed, and proved himself no match at all for Michael Ritchie, who made the earlier film.

The *Black Panther* is an attempt to recreate the story of Donald Nielsen and the grisly series of killings and robberies that led up to the kidnap and murder of Lesley Whitte. The case is now three years old, but its impact still lingers, and the film attempts to steer a "tasteful" course between documentary-style reconstruction and the story's cloak-and-dagger possibilities. Alas, the concessions to tact are made at a heavy cost. The film ends up so forlornly well-behaved that one wishes it had risked a few indis-

Bloomington, Indiana

Christmas Eve

by ANDREW PORTER



Bernard Lowe and Susan Paban

Bloomington, a small town dominated by the huge main campus of Indiana University, became famous for having the largest music school in the world, and for annual Easter performances of *Parsifal* given from 1949 to 1969. In 1971 it opened its Musical Arts Center, a 1,500-seat opera house which claims to have the largest and best-equipped stage, side-stages, and rear-stage in the world, save only the Met's. And its opera season is claimed as the longest in the Western hemisphere: it runs eleven months of the year, with a performance every Saturday in term, besides a few on weekdays. Every Wednesday in term there is a symphony concert. The faculty list reads like a roster of famous performers; among those in the voice department are Eileen Farrell, Margaret Harshaw, Cianna d'Angelo, Martha Lipton, Gerhard Ruesch, and Marko Rothmuller.

Bloomington is a two-hour flight from New York to Indianapolis and then an hour on through rolling farmland. Operatic New Yorkers must make the journey from time to time for the Bloomington Opera Theater presents things of national importance. Three years ago I made it for a fine performance of Busoni's *Doktor Faust*, produced by Hans Busch (whose father, Fritz, had conducted the world premiere; whose son, another Fritz, by a pleasantly ambulatory piece of casting played Faust's son, charged with continuing the heroic work). I have now returned to what was probably the first American production of Rimsky-Korsakov's *Christmas Eve* (no performances outside Russia are recorded by Loewenberg; there have been post-war productions in Germany, Switzerland and Italy); and for next spring the world premiere of John Eaton's *Danton and Robespierre*, is billed.

Christmas Eve (1895) is the second of Rimsky's two Gopak operas, the other being *May Night* (1880). Both subjects are drawn from the *Boemians* in a form collection (which also includes *The Fair of Sorochinsk*) and are tales of robust village humor and young love triumphing over adversity. *Christmas Eve* is set in the town of Sakhko or Tsar Saltan. But visits to Sakhko's mother Solokha, a merry widow who is also a witch, which hides in a coal sack when the next inopportunist arrives, and then Vakula lugs all the sacks outside, where they are discovered by carollers. Most commentators have had mixed feelings about Rimsky's operas. Praise of his orchestral *Great* court (presented as a virtuosity, his long-breathed, bright story-book illustration) it also requires a series of

buoyant tunefulness in episodes based on or influenced by folk-song is qualified by distrust of what seems an almost mechanical facility. "There is an inner coldness about his music," said the authors of *The Record Guide*, "which is decorative and ingenious rather than heartfelt." But the more I hear of Rimsky's operas (most of the hearing has to be done on records) the more strongly I feel that his music is not so much a decorative and ingenious rather than heartfelt. It is nourished by his vision of Old Russia, of people living by the seasons, telling tales, laughing, loving, inventing songs, and feeling awe at the reign of the Devil plays pranks on the wonders of the world. There Vakula the smith, but Vakula barresses his aid in obtaining a pair of the Tsaritsa's fine leather boots—*chereviki*—which the haughty Oksana has demanded as the price of becoming Vakula's bride. Tchaikovsky set the same subject in the opera known variously as *Vakula the Smith*, *Oksana's Caprice*, *Cherevichki*, and *The Little Shoes*. Comic characters include Oksana's father, Chub, the Devil, the Mayor, and the Mayor's wife, who pay Christmas Eve visits to Sakhko's mother Solokha, a merry widow who is also a witch, which hides in a coal sack when the next inopportunist arrives, and then Vakula lugs all the sacks outside, where they are discovered by carollers. Most commentators have had mixed feelings about Rimsky's operas. Praise of his orchestral *Great* court (presented as a virtuosity, his long-breathed, bright story-book illustration) it also requires a series of

world of captivating stines and another of captivating sounds lay within Rimsky's grasp; he travelled in both, and set down his discoveries with what I hear as wonderful freshness and lyricism, and a mastery that would describe as attractively naive (so little is it disturbed by self-doubt) rather than heartless. Bryan Balkwill, who conducted, does not favour hard-edged, sharp-cut performances or a gleaming, enamelled, unfeeling sound. He stressed the lyricism of the piece, the long unfolding lines in the prelude, where slow

The entertainment guide is on Page 13



Marty Feldman, Ann-Margret and Michael York

turns out not only to be (Sandra Locke) and an inmate, but also on the end of threats to her from the Mafia. (The Las Vegas episodes are taking 70/1 against her and Eastwood (Sandra Locke) Eastwood suddenly spring her from jail; the road to Arizona is booby-trapped with ambushes, exploding double-crosses and a showdown in which hero heroine "run the gauntlet" armed Phoenix police in a hijacked bus with a steel.

Who doubts that the Leathers film has finally found the Western in modern film-lore need only the frontier morality of Eastwood films. The hero starts out as a good-for-nothing, but his heroic qualities shine against corruption. But for the change of settings, one might find Dean Martin gning the same Damascene in Rio Bravo. And if the movie is to be believed, the hero has seen the rebirth

to the 1939 version starring Cary Cooper are purely coincidental. Not that the names have been changed (Feldman's last concern is to protect the innocent), but once the story has dispensed with the necessary plot mechanism of the jewel theft at Geste Manor and dropped its characters down in the Sahara, the film becomes a disastrously shapeless impromptu in which the only dramatic momentum comes from the fitfully knock-off effect of the jokes.

Since most of these jokes are innervated by the repeated gag involving the screw-on metal legs sported by Peter Ustinov as the villainous Sgt. Markov—the said momentum keeps grinding to a halt. The film boasts a plethora of star names (Michael York, Ann-

esque frown at the ready. Even the "Oob-aaah" excitement associated with a camera's eye view of a big dipper ride is here abated by over-eager cutting, which induces in the viewer a constant feeling of vertigo interrupts. For Sennorsund adrifts the film is clearly obligatory viewing. But those for whom a vibrating cinema seat is no compensation for a far from vibrant piece of film-making should stay away.

Murray Criger's *Big Banana Feet* is a celebration of Scots comedian Billy Connolly, a 77-minute documentary which accompanies this lanky, hirsute entertainer through the trials and tribulations of an Irish tour. Excerpts from Connolly's cheerfully outrageous stage appearances in Dublin and Belfast—his four-letter humour eliciting a mixture of shocked gasps and rapture from his audience are interspersed with glimpses of the offstage Connolly, gallantly parrying over-earnest questions at a Press reception, wryly sipping from his luxury hotel or providing on the comic possibilities of a slow-pouring teapot in the theatre dressing-room. Connolly's crusading vulgarity—for him dirty thoughts must be bounced not mumbled across the footlights—comes over loud and clear. For enthusiasts the film is a must; for sceptics or non-initiates it may well be the opportunity for a conversion.

cretions, or bold elaborations on the known facts, in the search for a stronger and more vivid "truth." Ian Merrick directed; Donald Sumpter plays Nielsen. A new quadruple cinema this week in Oxford Street, under the aegis of the Classic chain. A warm welcome to the cinema; a not-quite-so-warm welcome to the first three films they are showing. *Death Is Child's Play* is the best of the three: the spooky tale of a Mediterranean island in which the adult inhabitants have all been slaughtered by the children, and in which two unsuspecting British tourists (Lewis Fiander and Prunella Ransome) arrive to invite, or hopelessly avert, a similar fate.

Ralph Bakshi's *Wizards* is the latest feature-length cartoon from the animator who gave us *Fritz the Cat* and *Heavy Traffic*. This time Bakshi's tortuous and exotic drawings are put to the service of a winsome plot about warring elves and fairies. The ghost of J. R. Tolkien haunts the film and should have been exorcised at an early stage. The third of the Classic's new presentations is *The Hiding Place*, an Anne Frank-like tale of a Jewish girl hiding out in wartime Holland. Some of my colleagues thought well of it, but I'm afraid the film's mixture of sly-eyed piety and flat-footed direction drove me from the cinema half way through its 21-hour length.

What's Playing at the Marriott

Amsterdam Marriott is a... But every one of... has closed circuit... (the name of the...)

Amsterdam Marriott is a... But every one of... has closed circuit... (the name of the...)

Elizabeth Hall

Contrapuncti

by MAX LOPP

One of the most pleasing features of Contrapuncti's chamber orchestra concerts on South Bank is their intelligent planning—the juxtapositions of composers and works that add up to a total experience and provide a "theme" for those interested in not too rigidly pursuing it. Wednesday's composers were Bach and Villa-Lobos—18th-century master and 20th-century disciple, one might say, in the invention of small instrumental forms in which closely worked counterpoint and intriguingly mixed groups of soloists afford pleasures both physical and intellectual.

In some ways, though, the Bach association proved somewhat disadvantageous to the music of the Brazilian—a composer "apparently completely unworldly" according to one whose Meiters, and therefore one whose music "tends to be most impressive when most fortunate." Of the three attractions was in each night, the attraction was in each case not so much the movement and counter-movement of melo-

dic strands as the colours and texture. So in the sixth of the Bachianas Brasileiras, for flute and bassoon (Duke Dobing and Nicholas Hunka, both excellent), it was the ever more piercing forest colouratura of the flute against gruff animal bassoon grunts of the second movement that stayed in the mind, not the "knitting" of the first.

Likewise, the curiously memorable Fantasia, for saxophone solo (Richard Addison performing prodigies of long-breathed phrasing) against a small orchestra of three horns and strings, retained the attention some while after the plump, lascivious solo sound had lost its immediate novelty. This may be because in blending "civilised" harmony and a kind of folk melody, the composer was perhaps doing little more than transcribing the world around him. Certainly, the most famous of the Bachianas Brasileiras, in the fifth, for soprano and eight cellos, evokes in its twin short minor concerto for violin and oboe solos, Christine Read and Sarah Francis duetted with world of rich poetry, at once bright and mournful, "real" in detail and distilled in the imagination.

The solo soprano was Maria Lucia Godoy, obviously (although there was no biography in the programme to prove the assertion) a native to judge from her clear, poetic use of words and from the plangent, warm colour of her voice. Some low phrases were weak—not the fault of the eight cellists or the careful balance obtained by Michael Lankester, Contrapuncti's conductor. Mr. Lankester's charge over the three Bach works in the programme produced results less noteworthy, even if never less than acceptable.

Two Brandenburg concertos, the sixth and second, were reeled off with energy, but internal balances were sometimes blurred, and in the second concerto, Michael Laird's trumpet was often strangely near the point of being overpowered by Duke Dobing's flute. (Fresh argument for use of the recorder?) In the fifth, for soprano and eight cellos, evokes in its twin short minor concerto for violin and oboe solos, Christine Read and Sarah Francis duetted with world of rich poetry, at once bright and mournful, "real" in mindlessness of intent.

Report from the Sumitomo Bank

The Sumitomo Bank has attained good results across the board for the semiannual fiscal term ending September 30, 1977, in spite of the severe environment surrounding the Bank.

Business Increases	International Activities	Outlook for 1978
Stockholders' equity increased to ¥318.6 billion (US\$1,200 million), and a per-share dividend of ¥2.5 (10 per cent per annum) was declared as previously. Deposits reached ¥7,544 billion (US\$28,420 million) and total loans ¥6,344 billion (US\$23,900 million). Total assets amounted to ¥11,072 billion (US\$41,710 million).	Sumitomo Bank expanded its activities abroad. Our New York Agency and Seattle Representative Office were upgraded to full branches on May 2, 1977 and July 25, 1977, respectively. The Houston Representative Office was opened on October 24, 1977.	In view of the slow growth of the world economy and poor demand for business loans, the outlook for 1978 is extremely severe. In spite of such uncertain times, Sumitomo Bank will continue in its resolve to provide stockholders and customers with the best in reliable service.

Condensed Balance Sheet

The Sumitomo Bank, Limited

Assets	(As of Sept. 30, 1977)	
	In thousands of Yen	In thousands of U.S. Dollars
Cash and Due from Banks	1,139,078,218	4,291,122
Call Loans	50,693,806	190,973
Securities	1,370,917,905	5,164,505
Loans and Bills Discounted	6,344,172,979	23,899,691
Foreign Exchanges	538,891,475	2,030,105
Domestic Exchange Settlement a/c, Dr.	172,852,004	651,166
Bank Premises and Real Estates	126,258,727	475,640
Other Assets	68,040,763	256,322
Customers' Liabilities for Acceptances and Guarantees	1,261,052,984	4,750,624
Total	11,071,958,861	41,710,148
Liabilities	(In thousands of Yen / In thousands of U.S. Dollars)	
Deposits	7,544,102,388	28,420,050
Call Money	428,747,672	1,615,173
Borrowed Money	887,038,481	3,341,641
Foreign Exchanges	114,725,850	432,194
Domestic Exchange Settlement a/c, Cr.	151,562,117	570,963
Accrued Expenses	166,256,377	626,319
Unearned Income	47,444,465	178,732
Other Liabilities	28,698,586	108,113
Reserve for Possible Loan Losses	52,882,462	199,218
Reserve for Retirement Allowances	47,961,967	180,682
Other Reserves	18,469,804	69,579
Acceptances and Guarantees	1,261,052,984	4,750,623
Capital (Paid-up)	89,100,000	335,656
Legal Reserves	18,844,503	70,991
Other Surplus	201,510,000	759,126
Undivided Profit	13,561,205	51,088
Total	11,071,958,861	41,710,148

U.S.\$1 = ¥265.45 as of Sept. 30, 1977

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...of Congr...

EUROPEAN NEWS

Turkish opposition tables motion of no confidence

BY DAVID TONGE

ANKARA, Dec. 22

THE TURKISH Opposition's motion of censure of the present minority coalition was read in Parliament this evening and is expected to be voted on within 31 days.

The motion also accused the coalition, and in particular the party of responsibility for the continuing political violence.

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Spain recalls envoy over Algerian line on Canaries

BY ROBERT GRAHAM

MADRID, Dec. 22

THE SPANISH Government has decided to recall its ambassador in Algiers in protest at an article in the semi-official Algerian press advocating self-determination for the Canary Islands.

The Algerian Doly El Moudjibid on December 19, referred to the island's geographical closeness to Africa, claiming that they were part of Africa not Europe.

It also criticised the Spanish government for allowing the base to be used for "imperialist strategy" alluding to its use by French military aircraft as a stopover base on the route to

BACKING FOR MILK MARKETING BOARDS

EEC change to help Britain

BY MARGARET VAN HATTEN

BRUSSELS, Dec. 22

THE EUROPEAN Commission today threw its full support behind the milk marketing boards in the U.K. and announced proposals to modify the organisation of EEC milk marketing to accommodate the British system.

The proposals, to be put to the Council of Ministers early next year, impose certain conditions on the marketing boards and the U.K. Government. But they have been warmly welcomed by the British, who, though cautious on matters of detail, say that the proposals demonstrate a welcome and unexpected flexibility on the part of the Commission.

Olaf Gundelach, the EEC Agriculture Commissioner, in the face of tough opposition from Mr. Raymond Fomel, the Commissioner responsible for competition policy, who is believed to consider that the system, even if modified as proposed, contravenes EEC rules on fair competition.

U.K. reactions Page 17

But Mr. Gundelach it appears has convinced the other Commissioners that the advantages of the system in promoting liquid milk consumption greatly outweigh the potential threat to

principles of free trade. U.K. consumption of liquid milk is double that of any other EEC country other than Ireland, largely due to the marketing boards' delivery system which supplies 90 per cent of U.K. families on a daily basis.

Under the proposals, the marketing boards would need the support of at least 80 per cent of British milk producers and would have to relinquish control of their manufacturing and processing concerns which could, however, be taken over by regional producer groups.

This weakening of the monopoly currently enjoyed by the marketing boards would, in theory, allow imports of Continental milk into the U.K. But this is unlikely to happen while Britain retains its own National Health requirements.

Although the matter is unlikely to be decided quickly in the Council of Ministers, where a certain amount of opposition is expected from the Irish, Danish and Dutch, today's announcement ensures the continued operation of the marketing boards after December 31, when Britain takes on full EEC membership and derogation of certain EEC rules under its accession treaty expires.

Danes see Japan as key problem

By Hilary Barnes

COPENHAGEN, Dec. 22

THE Community's relations with Japan are emerging as one of the topics which will dominate the Danish presidency of the EEC in the first half of 1978.

We must raise the debate about the level of generalities and one must concentrate on what we can do, said Mr. K. B. Andersen, the Foreign Minister, said bore to-day.

The Japan trade issue can well be the chief topic at the EEC heads of government meeting in April, said Mr. Andersen.

Another specific issue on which the Danes are hoping to make progress during their presidency is national subsidies to industry.

One of the first things the Danes will do is to ask the Commission to analyse all existing national subsidy arrangements both in the Nine and in EFTA countries.

Mr. Andersen said that his Government is also considering a reform of the half-yearly heads of government meeting. He said that the heads of government had a legitimate need to get together informally as well as at more formal meetings together with foreign ministers and officials

Australia uranium talks sought

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, Dec. 22

THE EUROPEAN Commission has asked member governments for authorisation to open negotiations with Australia on an agreement to supply uranium to the EEC.

The Commission's move, which follows the recent uranium supply agreement between the EEC and Canada, is designed in part to head off a proliferation of bilateral agreements between individual EEC

governments and Canberra. Britain, France and Germany have all been discussing uranium supplies with Australia. The Australian Government recently indicated that it would be prepared to hold talks with the EEC as a whole, though it has made clear that any eventual agreement would have to incorporate safeguards on the use of the fuel.

Cut in U.K. lorry drivers' hours

BY DAVID BUCHAN

BRUSSELS, Dec. 22

THE MAXIMUM number of British and Irish lorry drivers can be at the wheel will come down on December 1 next year from ten to nine and a half.

This is the first important stage of the three-year "phase in" period which the Brussels Commission today formally granted Great Britain. By January 1, 1981, the British daily driving period will conform with the current Common Market maximum of eight hours.

That the U.K. and Ireland should get the three-year transition period till the end of 1980 was agreed at last October's Council of Transport Ministers.

Under the proposals, the marketing boards would need the support of at least 80 per cent of British milk producers and would have to relinquish control of their manufacturing and processing concerns which could, however, be taken over by regional producer groups.

The U.K. Government would not be allowed to intervene in price support above the EEC guaranteed minimum price.

Michael Dome, only one of the selected four finalists out of 88 will eventually be chosen as a "mission specialist," to fly with potential astronauts in the Space Shuttle manned earth-orbiting laboratory, due to be launched in the early 1980s, writes

Europe's candidates for space

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TAP backed over strike

PORTUGAL'S OUTGOING Socialist Government today threw its weight behind the management of TAP, the national airline, after its 340 pilots began an indefinite strike for a 49 per cent pay increase.

Swiss real GNP up 3.5%

GROSS NATIONAL PRODUCT in Switzerland will have risen by some 3.5 per cent in real terms for 1977, according to two new member states.

Initiative by Gibraltar Minister

GBRALTAR'S Chief Minister, Sir Joshua Hassan, said today he was prepared to appear before the Spanish Parliament to discuss the colony's future.

Austria weakens D-mark link

A SPOKESMAN for the Austrian Central Bank confirmed today that the Austrian Schilling is no longer exclusively pegged to the Deutsche mark.

Tito urges army to preserve unity

PRESIDENT TITO of Yugoslavia has called on the armed forces to keep the unity of the country, and to protect it from enemies abroad and within.



Increased food prices in Poland brought riots and plundering in 1970 (above). Prices will probably rise again in 1978 and subsequently.

POLAND'S ECONOMIC PLAN

Conflicting goals pose a problem

BY CHRISTOPHER BOBINSKI IN WARSAW

THE BIG question hanging over Poland, when the Government finally publishes its economic plan for 1978, is whether the plan will be able to meet the conflicting goals of economic reform, and how to make the most of the expensive investments that have been made under Mr. Edward Gierek's industrialisation drive.

Headaches

But if Poland's economic difficulties are causing headaches, they have also given rise to the whole discussion of economic reform, and how to make the most of the expensive investments that have been made under Mr. Edward Gierek's industrialisation drive.

Wage rises

But though the prospect of another upheaval appears to have receded, observers in Warsaw believe that the wage targets are themselves possible causes of trouble, being too low to motivate the workers.

Revisionist

A recent article in the Polish weekly Polityka declared that the improvement of the mechanism of management and planning was needed for intensive economic and social development.

Rise in Greek investments

THE GREEK public investment budget for 1978 will amount to 550 billion drachmas (SLS71bn.), the Minister of Co-ordination, George Rallis, announced today.

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J.P. 10/10

Hopes of gas price accord in Congress after failure

BY DAVID BELL

THE LATEST attempt to find an acceptable compromise on the key question of natural gas pricing foundered yesterday, but not before a number of legislators had agreed that a variation on the attempt may be enough to break the deadlock when the negotiators return to Congress after Christmas.

For some weeks, a joint committee of the House and the Senate has been trying to reach agreement on the future price of newly-discovered natural gas. But some kind of agreement hammered out the tax section of the Energy Bill, which is also highly controversial, is being put to a vote.

President Carter conceded yesterday that the delay in settling the energy bill is a prime reason for the recent pressure on the dollar.

The compromise yesterday would have extended Federal control over gas produced and sold inside a single State (which Administration broadly opposes). But it would also have led to much higher prices for newly-discovered gas (which Administration broadly opposes). However, it would have kept alive the principle that the gas prices should

be regulated by the government, and not fully de-regulated as the industry and legislators from some oil and gas-producing States have been arguing.

Under the compromise, the price of new gas would have been allowed to rise immediately from \$1.43 per 1,000 cubic feet to \$1.76 per 1,000 cubic feet. Then, from next year on, the price of gas would be allowed to rise at the rate of inflation, plus 4.5 per cent annually. This would cost home-owners about \$28 a year more each, and bring the price of new gas up to \$3.03 per 1,000 cubic feet by about 1983. It would yield some \$12bn. more for the gas companies than the measure approved by the House but blocked by the Senate.

After 1983, a so-called floating cap would be put on the price, and a new ceiling would come into force, based on a weighted average price of all sales of new gas in the previous six months, plus 7.5 per cent. This would allow the price to rise to anything like the figures implied by this compromise. They argue that the industry does not need nearly as much extra incentive to look for new gas as it claims to need, and that the administration is in danger of selling out consumers by allowing too high a price.

WASHINGTON, Dec. 22. A number of other members of the House-Senate conference committee were also quoted today as saying that agreement may be close. Some said that it represents a significant narrowing of the differences between the two bills put forward by the House and the Senate.

Nevertheless, there is a powerful group of liberal Senators and Congressmen who can be expected to oppose any attempt to allow new gas prices to rise to anything like the figures implied by this compromise. They argue that the industry does not need nearly as much extra incentive to look for new gas as it claims to need, and that the administration is in danger of selling out consumers by allowing too high a price.

Pan-Am 'outraged' by air route decision

By John Wyles

NEW YORK, Dec. 22. PAN AMERICAN World Airlines is "outraged" by President Carter's decision to ignore a Civil Aeronautics Board (CAB) recommendation in its favour and to nominate instead Braniff Airlines as the carrier for a new Dallas-London air route.

The President's choice of Braniff is in line with the White House's aim of stimulating international airline competition by introducing more regional domestic carriers into international routes. The only other amendment Mr. Carter has made to the CAB's proposals to open up a further 11 U.S. cities to direct European flights, is an instruction to add Amsterdam and Frankfurt to the cities which national airlines will be allowed to serve.

In a statement issued late yesterday, Pan Am made no effort to hide its bitterness at the President's move. The airline suggested that the Braniff award owed a great deal to "the kind of political manipulation that the President promised would not characterize his administration."

Employees and shareholders of Pan Am are fed up with Government action which continues to weaken Pan Am," complained Mr. William Seawell, the airline's chairman.

Braniff said today that it hopes to start the Dallas-London service in 90 days, and that it will employ a Boeing 747 as soon as practicable. The airline has only one 747 at the moment, which operates between Dallas and Honolulu. It will almost certainly have to inaugurate the London route with a DC 10 or a Lockheed L 1011 until it is able to obtain another Boeing.

The airline plans to offer a wide range of fares including a low cost standby fare to London of \$349. Braniff is now hoping that the Administration will take a favourable view of its application to operate the Concorde between Washington and Dallas. A spokesman said today that the CAB was expected to consider the plan early in the New Year and it was hoped that approval would be granted by next summer.

The CAB recommendations represent a significant expansion of U.S.-Europe air links which was first proposed in July 1976 but was held up by the re-negotiation of the Anglo-American Bermuda Agreement.

Growth increases, inflation declines, in Latin America

BY HUGH O'SHAUGHNESSY

GROWTH PICKED up, inflation slackened, and the trade balance swung from deficit to surplus in Latin America this year, according to Sr. Enrique Iglesias, Executive Secretary of the UN Economic Commission for Latin America (ECLA).

Sr. Iglesias however warned against over-optimism. "We should not let ourselves be confused by the averages," he commented at a Press conference held at the ECLA headquarters in Santiago, Chile.

Gross domestic product in the region is estimated to have risen by 5.2 per cent this year as compared with 4 per cent and 3.2 per cent in 1976 and 1975 respectively.

The average rate of inflation in Latin America fell from 64 per cent last year to 45 per cent this year, while in some countries it fell from 100 per cent to 33.5bn. last year, the region registered a surplus of \$950m. this year.

At the same time the current account deficit fell from last year to this from \$10.1bn. to \$7.6bn. The net inflow of capital is estimated to have been steady at about \$13.7bn., so that the balance of payments, including capital movements, registered a surplus of \$8bn., international reserves rising by \$2bn.

Sr. Iglesias said that the most serious short-term crises relating to external indebtedness appeared to have been overcome as a result of suitable domestic policies, renewed export effort and the prudent conduct of the international financial community.

Nevertheless, the continued heavy foreign indebtedness of Latin America made continued high exports essential.

The ECLA executive secretary said that for some countries the region access to international financial markets was difficult or impossible because of their lack of adequate experience or mechanisms.

As a result of the role of financing agencies such as the Inter-American Development Bank took on an added significance.

Sr. Iglesias said that in most countries the impact of international development and domestic adjustment policies has had substantial social effects which have inevitably hit the poorest groups hardest.

Speaking of increasing regional economic integration, Sr. Iglesias pointed to the signing by the five members of the Andean Pact of an agreement on the sharing of the production of motor vehicles worth \$2.3bn. by 1985, better relations between El Salvador and Honduras which could open the door to greater Central American integration, and the signing of a national financial initiative for the Caribbean.

Chile to hold human rights referendum on UN vote

Gen. Augusto Pinochet, the Chilean President, is to call a plebiscite of all Chileans over 18, in which they will be asked to state whether they agree or not with the vote last week in the UN General Assembly which condemned the violation of human rights in Chile, our foreign staff writes.

The motion, which included among its co-sponsors Britain and the U.S., was carried by 86 votes to 14 with 25 abstentions.

In a speech broadcast on Wednesday evening, Gen. Pinochet claimed that the vote was intolerable, unjust and injurious, according to Reuters. Elections, even within clubs and private organisations, were banned since the military coup of 1973, and the electoral rolls have been destroyed. Gen. Pinochet, expanding on his broadcast remarks referred to the U.S., the USSR and Cuba as enemies of Chile.

Problem for Mexican pipeline

BY ALAN RIDING

DELAY IN THE U.S. Congress the energy package has left Mexico new problems in financing its \$1.5bn. gas pipeline to the U.S.

A U.S. Export-Import Bank approved a \$340m. credit pipeline equipment, but bas

made the loan conditional on a final sales contract between the Mexican State oil monopoly, Pemex, and six U.S. gas distribution companies.

A letter of intent worked out by Pemex and the companies in June, and which will expire on December 31, anticipated pay-

MEXICO CITY, Dec. 22. ment of about \$2.60 per 1,000 cu.ft. of gas delivered by Mexico to the Texas border. But the U.S. Department of Energy has refused to approve this price, because it is 85 cents higher than the inter-State price proposed by Mr. Carter.

As a result, Pemex and the gas distribution companies must, next week, either extend their provisional agreement, or work out a new contract next year in the hope of obtaining White House approval for their price after the energy debate concludes in Congress.

In the meantime, Pemex has announced that it will not lower its proposed gas price and is going ahead with construction of the \$21-mile pipeline, which will have an eventual capacity of 2.5m. cu.ft. per day, from a south-eastern oilfield as far as the northern Mexican city of Monterrey. Without revenue from the export of natural gas, Pemex would have difficulty in paying for the pipeline, because domestic gas prices are at present one-sixth of those prevailing in the U.S.

CHRISTMAS RETAILING IN NEW YORK

Sophisticated toy town

BY CAROLINE HYDE

NEW YORK, Dec. 22. IT'S CHRISTMAS IN New York luxury items. Fourteen-carat gold jewellery (from \$30-\$300), silk shirts and blouses, valour and velvet, and the new "soft look" in clothing, are the lead-wondering at the 66-foot tree in Rockefeller Center, and topping the sales rug last year by worth of \$250 ultra-suede about 10 per cent. The shop windows are as beautiful as ever this year, as the marvellous schoolchildren and unseeing holiday tour crowds attest.

Santas are on corners collecting furiously for charity as usual, but new computers with their own sound filled screens. One were actually Hare Krishnas rapidly took over the Santa trade and, last week-end, six men impersonating Santa Claus were booked in Chicago. Photographs of them published nationwide made many people reluctant to give.

For the retailers, the makes this season era high. A good Christmas, can yield fully 22 per cent of the entire year's business and 30 per cent of the year's profits. But the head of one of the nation's most successful discount chains says this Christmas will not be exceptional. Such nervousness is buttressed by the experience three years ago when a huge slump left retailers with high inventories and low sales figures.

This year shows a repeat of last year's trend in favour of

bigly successful film Star Wars. A sword that lights up, based on a drop from the film and known as the "force beam" sells at \$7. The Kenner Division of General Mills, which has the Star Wars line, has not been able to bring a single item to the market in time for the season. Instead of the darling R2-D2 and Princess Leia Organa doll, the stores are selling certificates costing up to \$15 guaranteeing delivery in four months. The certificates are sold out in New York and Chicago.

The six-million dollar man and the bionic woman dolls are also doing well. The Evel Knievel doll, a very popular toy item, came to a sudden halt when Evel Knievel the man took a baseball bat to an author who had written unkind things about him breaking both his arms. Mr. Knievel pleaded "no contest" but said he wasn't sorry. Ideal Toys, who made the doll, are sorry; they are deciding whether or not to drop the item which accounted for 18 per cent of their \$137.6m. in sales for fiscal 1977.

The 10-15 per cent increase in sales, however, is eaten up somewhat by the need for more sales personnel and such security measures as two-way mirrors, tags that will not come off until removed by a cashier and alarm systems. Stores estimate that 5 per cent of their profits will be taken by shoplifters.

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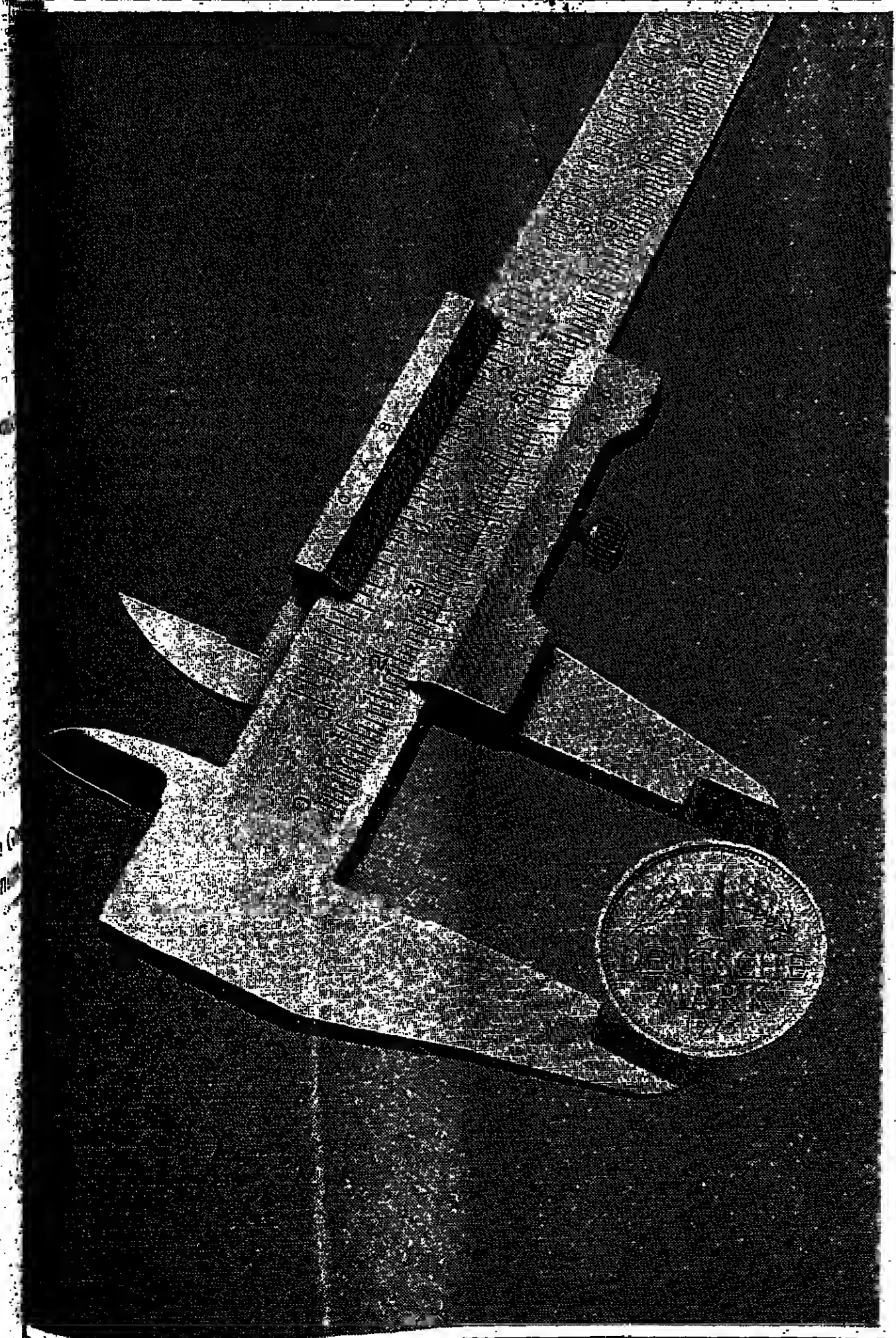
Argentine mystery

The British Foreign Office is investigating the disappearance in Argentina some months ago of a British subject whose name it has not revealed, our foreign staff writes. Inquiries of the Argentine authorities have so far drawn a blank. The disappearance on Wednesday in Buenos Aires of Sr. Luis Guagnini, a well-known Argentine journalist and correspondent for a number of British and other foreign publications, has prompted action by Amnesty International, the Labour Party, the Foreign Office and the Venezuelan Foreign Ministry. Sr. Guagnini was abducted from his home by men purporting to be from the security forces. The number of kidnappings in Argentina this year is calculated at 914.

Chemicals control

The U.S. Environmental Protection Agency yesterday ordered all chemical and oil-refining industries to supply it, for the first time, with precise details of the chemical substances produced in their plants, our Washington correspondent writes. The EPA move is being made under the Toxic Substances Control Act, passed last year, and is part of a concerted attempt by the U.S. Government to come to terms with the presence of possible carcinogens and other dangerous substances in the workplace.

Companies must furnish the EPA with a complete list of their products by May 1 next year. The EPA will then publish a preliminary list of chemicals made in the U.S. or brought from outside. Any manufacturer seeking to produce a substance not on the list will have to inform the EPA 90 days before he starts production.



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OVERSEAS NEWS

Talks may resume soon on China-Japan treaty

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, Dec. 22.

JAPAN MAY soon embark on what could be the final round of negotiations on signing a peace and friendship treaty with China, the Foreign Ministry said today. It added that "top leaders" in the Government, including Prime Minister Takeo Fukuda, are now informed of the "whole picture" on the basis of which negotiations can be restarted. A decision to go ahead may not necessarily be delayed until after Mr. Sunao Soeda, the Foreign Minister, departs for Moscow on January 2. In other words, the go-ahead could come during the first week of January. Japan started talking to China about the proposed treaty early in 1975, but the talks soon ran into two problems. One was China's insistence on including an "anti-hegemony" clause condemning attempts by third countries to exert hegemony in Asia—interpreted in some quarters as an attempt to align Japan with China in the Sino-Soviet dispute. The second obstacle involved powerful opposition to the treaty from the pro-Taiwan group of MPs in Japan's ruling Liberal Democratic Party. As a result, treaty talks were suspended at official level after some months of discussion. An attempt to restart them was made in the autumn of 1975 when Japan's then Foreign Minister, Mr. Kiichi Miyazawa, met China's Foreign Minister, Mr. Chou Kuan-hua, in New York. Mr. Miyazawa's proposal for an anti-hegemony clause hedged about with reservations (the so-called Miyazawa four points) was rejected by the Chinese, and Sino-Japanese relations entered a period of coolness which lasted well over a year. Things are looking better now for two reasons. Mr. Fukuda appointed a Foreign Minister known for his good contacts with Peking in last November's Cabinet reshuffle, and China, under its new leadership, appears ready to adopt a slightly more flexible posture on the hegemony issue. A problem that remains is that pro-Taiwanese sentiment is still strong within the Liberal Democratic Party, particularly in the faction surrounding Mr. Fukuda. Signing the treaty will not make much difference to Japan's relations with China, which are already reasonably good. However, it is regarded as an important piece of unfinished business arising out of the original agreement on normalising diplomatic relations which the two countries signed in 1972. The agreement laid a treaty of peace and friendship as one of a series of steps to be taken in future to "solidify" Sino-Japanese relations (the other steps include agreements on aviation, trade, shipping and fisheries, have already been dealt with). China evidently requested the peace and friendship treaty after Japan had indicated its reluctance to replace an earlier peace treaty which was signed with the Chinese Nationalist Government (now located in Taipei). The treaty will certainly sour relations between Japan and the Soviet Union, which insists on seeing itself as the target of the anti-hegemony clause and may retaliate by reducing Japan's fishing quotas in its newly established 200-mile economic zone. Japan's considered judgment, however, seems to be that Soviet wrath will not be permanent and will not be carried to the limits of permanent damage to its national interests. In the meantime, the treaty with China could be a useful talisman for the general public on the eve of the elections which are widely expected next year. An interesting procedural question raised by the treaty is where and by whom it is likely to be signed. In 1972 Japan's then Prime Minister, Mr. Kakuei Tanaka, visited Peking to sign the normalisation agreement so it might be considered diplomatic etiquette for a top Chinese leader to come to Tokyo for the treaty signing. The Foreign Ministry, however, has said that Vice Premier Teng Hsiao-ping might visit Japan for this purpose as "pure speculation," but that does not necessarily make the rumours wrong.

Weekend pause in Cairo meeting

BY ROGER MATTHEWS

CAIRO, Dec. 22.

THE CAIRO Conference adjourned today to await the results of the Christmas Day meeting between President Anwar Sadat of Egypt and Mr. Menachem Begin, Israel's Prime Minister. After a 45-minute session this morning, the delegations decided they would meet again on Monday to discuss the date of the next formal round of talks. Dr. Ismat Abdel Meguid, who heads the Egyptian delegation, said that he would be reporting shortly to Mr. Sadat in Khartoum on the progress of the talks and also outlining the principal areas of disagreement. The conference heard a report this morning from the three-man Egyptian team that had set out to make proposals on procedural issues, but reached no conclusions. Conference sources stressed that from the outset the talks stood little chance of making substantive advances until top-level political decisions were taken. "We have been providing the visual evidence of the effects of President Sadat's visit to Jerusalem, but the real talking and the main negotiations have to take place elsewhere," commented one official. However, he was confident that the psychological basis for negotiations had been achieved during the original talks at the Meza Hotel outside Cairo. "It is expected that President Sadat and Mr. Begin will agree to raise the Cairo Conference to Foreign Minister level in the new year if they make sufficient progress on Sunday. Our foreign staff adds: The Israeli Cabinet met yesterday in Jerusalem to hear the account by Mr. Begin of the proposals he will present to President Sadat at their Christmas Day talks in Ismailia. As ministers drove up to the Prime Minister's office, 500 demonstrators and by the Gush Emunim settlers' movement, stood the side carrying signs listing the sites they have moved into on the occupied West Bank. There is concern within the ruling Likud party that Mr. Begin's proposal to permit a measure of autonomy on the West Bank would endanger the Jewish settlement established there. Israeli Government officials yesterday denied a report in the semi-official Cairo daily, al-Ahram, that Arab prisoners had been released at the request of President Sadat.

Iran-U.S. aircraft barter distorts OPEC pricing

BY RICHARD JOHNS AND RAY DAFTER

CARACAS, Dec. 22.

IRAN HAS effectively received and compensated itself for the erosion in the purchasing power of its revenue through the multi-billion dollar deal whereby it is purchasing 300 F-16 aircraft from McDonnell-Douglas, Bahar by Brown and Root. The delegates alleged at the close of the Organisation of Petroleum Exporting Countries (OPEC) Conference here. The meeting ended yesterday with a stale-mate over whether there should be a price increase with the result that a freeze until the summer is virtually certain. The crucial factor was Iran's insistence that there should be no rise which enabled Saudi Arabia and the United Arab Emirates to stand firm. Arab delegates believe that this was the key to the "trade-off" between President Carter and the Shah reached last month during their talks in Washington. After them Iran came out openly in favour of a freeze in the oil price. Under the deal the combat aircraft will be paid for in crude oil supplied by the National Iranian Oil Company to Ashland Oil under what amounts to a "barter" deal. This clearly was a key factor in Iran's commitment to price stability. Following his visit to the U.S. the Shah said that Iran was willing to show a new "sympathy and comprehension" for the U.S. view that a price hike would damage the hopes for an economic recovery in the West. Apart from the F-16 Iran is also paying in kind for the construction of a naval base at Shah Bahar by Brown and Root. The crude involved will be channelled through New England Petroleum Company. The one small positive agreement reached on the price issue was to hold a ministerial "ad hoc" meeting to decide on the relative values of heavy crude oils. Some time in the first quarter, at a date yet to be specified, ministers of Saudi Arabia, Iran, Kuwait, the UAE, Qatar and Venezuela will meet to set the proper allocation in relation to the \$12.70 "marker crude" Arabian light. In current slack market conditions various forms of discounts have been offered by producers. Iraq is giving up to 35-50 cents per barrel to some customers. Meanwhile no progress has been made in resolving the correct price level for the premium light and low sulphur, grades produced by Libya, Algeria and Nigeria. However, they are discussing the question informally. These lighter grades are losing some of their premium ratings not only because of the weak market but also because of over-competition from non-OPEC sources, in particular the North Sea. Repeatedly it has been emphasised here that OPEC is the supplier of residual crude, although this oil does form a large part of the export market. Nevertheless OPEC concedes that oil companies will go to their member countries only when they are unable to obtain crude elsewhere. This non-OPEC source will increase substantially over the next few years. By early 1980, for instance, the U.K. sector of the North Sea alone will be yielding some 2m barrels a day, ironically almost exactly the scale of world over-supply at present. New production from Alaska, Norway and Mexico will double or treble that figure. As a result it could be several years before the recovery in world economy is sufficient to mop up this extra production. This will make it very difficult for OPEC to impose anything more than a marginal increase next summer as well as probably a fall of \$1.50 for Britain, at least, the introduction of 5.1-gallon petrol is still some time away. If OPEC imposed a 5 per cent rise in July, for example, it would add an average of one penny to the price of all petroleum products, although it is questionable whether in certain markets even this could be passed on to customers.

Brussels consistent on whisky ruling

By A. H. Herrmann, Legal Correspondent

THE EEC Commission has agreed to alarm the great number of people at the inappropriateness of its ruling on whisky with its ruling on whisky. The ruling, which is fundamental to the 50p on some Distillers' brand. But the principles behind Commission's ruling are new. It is part of a consistent policy followed by the Competition Department, approved by the European Court in many decisions, is fundamental to the idea of the Common Market. Its objective is, in essence, to prevent companies from replacing the established barriers by other means which would enable them to keep national markets open in order to get the highest price in each. The device used by Distillers for this purpose, namely, charging of higher prices in order to offset the cost of a higher price in one country, is not a higher price than in U.K., is only one of many United Brands — whose aim against a Commission decision finding them £850,000 in damages pending before the European Court — followed the same purpose, or so the Commission asserts by prohibiting distributors to sell bananas, thus denying them the opportunity to ship from one country to another as ripe bananas would stand the journey. Local price levels differ because of different times, far as whisky is concerned, prices of spirits are kept artificially high in some countries by local cartels and even official minimum prices enforced by Governments. Recently a Dutch court sentenced a retailer to a fine of £1,500 or three months imprisonment for selling spirits at a price lower than the official price. The European Court refused to lend support to a Belgian store because sold cigarettes under the price fixed by the authorities. Producers are able to increase the output to meet any demand, usually oppose such minimum price fixing, whether by government or local cartels, because it makes it difficult to meet the better-known "local" brands offering imported products at a cheaper price. This is not the case with products like whisky, where output cannot be quickly increased. Producers of such goods are not fighting for a large share of the local market. Instead they try, like Distillers, to enable their local distributors to get the best price for the limited supplies available. They can, of course, claim some justification, as Distillers do, in the case of spirits, of finance local promotion of their product against importation, without paying for the question of whether it is worth it, so high as they would still provide promotion even if reduced competition will probably among the points presented to the European Court. It is Disasters against the Commission's decision. While the case of spirits, cigarettes and fruit, different price levels exist, depending on the supply who only tries to exploit the in-most-other consumer goods, the differential price level is not created by the producer himself. The armoury used for this purpose includes the appointment of sole distributors, the protection of their mark by means of patents and trademarks. The EEC Commission and the European Court by a long series of decisions established that such exclusive agency agreements, not patent and trademark, are not sufficient to justify a price which is higher than in other EEC countries where prices are lower from manufacturer or his exclusive agent to sell in another country. The Commission's decision is a landmark in the sense that it is the first time that the Commission has ruled that such a price is higher than in another country. Scotch order misfires, Page 10.

Tokyo to increase borrowings

BY OUR OWN CORRESPONDENT

TOKYO, Dec. 22.

JAPAN WILL formally announce tomorrow a draft budget for 1978 in which the Finance Ministry's reliance on borrowed funds rises above 30 per cent of total spending for the first time since the war. The amount of budget is expected to be ¥34,295bn, with 32 per cent, or total funds raised by borrowing. There is a possibility, however, of late-minute revisions in the figure at to-morrow's Cabinet meeting. The budget is 20.27 per cent larger than that of fiscal 1977 and includes a 30 per cent increase in public works appropriations (¥7,300bn). The amount to be borrowed (by issuing Government bonds) will come to ¥10,985bn. The announcement of a budget with a borrowing element of more than 30 per cent will be a dramatic change from the point of view, for the growth-minded lobby in the Japanese Cabinet which is led by Mr. Komoto, the Minister for International Trade and Industry, over the fiscal conservatives at the Ministry of Finance. From another point of view, however, a 32 per cent borrowing element may not be regarded as a success for the pro-growth school of thought. At various times during the past few days, the element of borrowing was expected to be pushed up to 35 or even 37 per cent of total spending in an effort to produce rapid economic recovery next year. A 32 per cent figure will represent a partial "roll-back" to the part of the Finance Ministry.

Hawker nears £100m. order

BY LANCE KEYWORTH

HELSINKI, Dec. 22.

A YEAR of intensive contract negotiations between Finland and Hawker Siddeley aviation for the sale of about 50 Hawk Jet trainer and light combat aircraft, appears to be nearing a successful conclusion. The subject was considered at a meeting of the Finnish Government last night and this morning. The equivalent of a letter of intent for this order, worth between £75m and £100m, was signed in November, 1976. This foresaw full cooperation for the cost to the Finnish Government of buying Hawks to the firm of counter-purchases by the U.K., including of third party deals by Hawker Siddeley, and sub-contract work on the ground attack/trainer aircraft by Finnish companies. Since then the value of the total contract has risen for various reasons, including two devaluations of the Finnish markka. According to Finnish circles, the signing of the contract is imminent. All that really remains is the final detail, it is even possible there will be a Finnish Government announcement around December 29. It is evident that the reason for the tardiness of the deal is reaching a decision on the contract has been the definition of an acceptable level of cooperation combined with the depressed situation of the Finnish economy. In fact, the level of offset purchases and other orders almost as high by Hawker Siddeley national standards for contracts of this size, some Finnish sources say it approaches 50 per cent. What may be required now is setting the date for the achievement of full compensation. Michael Donne, Aerospace Correspondent, writes: British Aerospace confirmed yesterday that a deal with Finland on Hawk jet trainer aircraft was imminent. Details of the offset arrangements involved are not being disclosed, but it is understood that part of the deal involves co-production in Finland of parts for the Hawk. The Hawk is a two-seat basic and advanced jet trainer, using a Rolls Royce Turbomeca Adour engine. The RAF has ordered 176 of these aircraft for basic training duties. In the Finnish figure is the equivalent of only about 1 per cent of aid which the West has given the socialist countries.

Turkey seeks Soviet project aid

BY DAVID TONGE

ANKARA, Dec. 22.

A SOVIET economic delegation to-day began discussions in Ankara on a list of projects for which the Turkish Government is asking Soviet aid. The projects include a second expansion to 6m. tons production per year of the Soviet-built Iskenderun iron and steel plant; construction of refinery with capacity of at least 3m. tons per year on Turkey's Black Sea coast; doubling the capacity of the Soviet-supplied Seydisehir aluminium plant to 120,000 tons per year; help on various thermal power plants and establishment of a fertiliser plant. On Monday the Turkish Electrical Authority signed an agreement with the Soviet Union for the establishment of a plant to manufacture turbines, generators and heavy electrical engines, and for a second plant to manufacture power transformers and high voltage equipment. The Soviet delegation is headed by Mr. S. A. Skachov, chairman of the State Committee for Foreign Economic Relations. Its visit is the second round of talks of the Turkish-Soviet Joint Economic Commission. Also to be discussed are three dams for which Turkey wants Soviet assistance and the supply to Turkey of Soviet electricity. This is due to start by mid-1978 and is badly needed by Turkey. The project list presented by the Turks requires aid of nearly \$4bn, but Turkish officials say the Soviets tend to be highly selective. The various agreements signed between Turkey and Soviet Union have seen their economic relations begin to flourish in a way not seen since the 1930s. But Turkish officials insist that the economic cooperation does not give the Soviet Union further rights. They say the value of materials received from the Soviet Union in the past decade is \$600m, out the \$1.5bn often reported. They also state that the actual figure is the equivalent of only about 1 per cent of aid which the West has given the socialist countries.

Hayden elected Australian Labor leader

CANBERRA, Dec. 22.

AUSTRALIA'S OPPOSITION Labor Party today elected its chief economic strategist Mr. Bill Hayden, as leader following its overwhelming general election defeat two weeks ago. Mr. Hayden, 44, a former federal treasurer, was elected Parliamentary leader of the party to succeed Mr. Gough Whitlam, the former Prime Minister, who did not stand for re-election. The only other nominee for the leadership was Mr. Lionel Bowen, 55, Minister for Manufacturing Industry in the Whitlam Government sacked in November, 1975. Mr. Hayden won the ballot of Labor Party Members of Parliament by 36 votes to 28. Mr. Bowen was voted deputy leader defeating Mr. Tom Uren, 56, a leading Left-winger who had held the post for nearly two years. Reuter

Whites leave Rhodesia at lowest rate in 21 months

BY TONY HAWKINS

SALISBURY, Dec. 22.

THE NUMBER of whites leaving Rhodesia last month was the lowest since February 1976, according to official figures published today. These show that 966 whites quit Rhodesia in November, the first time the figure has slipped below 1,000 in 21 months. At the same time, the number of arrivals was at its lowest point in 10 months at 395, to give a net loss of 576 for the month. The months of October and November reflect a marked improvement in the situation with the net loss averaging 970 a month as against more than 1,000 a month in the preceding six months. So far this year Rhodesia has lost 9,571 whites, or 3 1/2 per cent of its European population. The December loss is expected to be a very heavy one as many people change jobs and leave the country at the end of the calendar year and the net outflow of whites for 1977 is likely to exceed 11,000. Reuter also said: Police have gone on full alert for a possible outbreak of guerrilla attacks in Salisbury during the Christmas season. Assistant Commissioner Ian Hogg said today that the attacks could take the form of packages or letter bombs, or an all-out assault by a group of hispanic nationalist guerrillas. He told reporters that police had received information which led them to believe such attacks were possible in preparation. Commissioner Hogg warned motorists leaving the capital for country resorts that they would be foolishly to travel after dark. He said patrols and precautions already in operation will be maintained throughout the holiday period. Police teams of men and women now patrol the busy, brightly decorated Christmas shopping areas of Salisbury, checking bags and parcels. Shops also check customers before they enter.

Syrian Press says U.S. has lost its chance

By Our Foreign Staff

SYRIA'S Government-controlled press yesterday said that President Carter's Middle East policies had cost the U.S. its role as mediator in the Arab-Israeli conflict and its overall influence in the region. The newspaper al-Tishrin wrote: "The United States has been given a great chance in the Middle East... she gambled with it, and here she is losing it." Since President Sadat visited Jerusalem, Syria has been leading a campaign to halt his initiatives among the more extreme Arab states. At home this campaign has been marked by comments critical of Mr. Sadat and the U.S. in the newspapers and by Arab ministers but, significantly, not by President Assad. As a reflection of the possible weapons Syria could wield Mr. Ahmad Hibri, leader of the extreme Popular Front for the Liberation of Palestine General Command (PFLP-GC) was quoted yesterday in the left-wing newspaper al-Kifah al-Arabi in Beirut as saying that Mr. Assad had offered to open the Syrian side of the Golan Heights to guerrilla operations against Israel.

Tribesmen flee Laos attacks

BANGKOK, Dec. 22.

LAOTIAN and Vietnamese forces have stepped up attacks on mountain strongholds of dissident Mao tribesmen in Laos, forcing thousands to flee to Thailand. Thai armed forces spokesman said today. Laotian and Vietnamese forces in Xieng Khouang province, north east of the Laotian capital of Vientiane, have been trying to flush out Mao tribesmen from their hill-top homes for the past few weeks, according to reports here. The Mao formed the backbone of an American-backed secret army which fought Communist forces in the Laos civil war. Reuter

Sri Lanka hopes for aid

BY MERVYN DE SILVA

COLOMBO, Dec. 22.

SRI LANKA believes that Western donor nations will be more forthcoming over project and commodity aid as a result of the stand-by loan of just under \$100m recently negotiated with the IMF. The Sri Lanka aid consortium meets in Paris in April. The loan is in support of what the IMF describes as the initial phase of economic reform. These were announced in the Government's first budget and include a substantial dismembering of import and exchange controls, unification of the exchange rate and the floating of the Sri Lankan rupee. The IMF has also pointed to approval at policies to remove controls on the allocation of resources and to adjust certain key prices more realistically. On the politically sensitive issue of food subsidies, the IMF noted that these would continue for the lowest income groups. The Government has already had some difficulty in defining who will be eligible. The IMF expects that changes in the food subsidy programme and higher tax receipts will contribute to a budget surplus and an 83 per cent rise in development expenditure in 1978.

ON OTHER PAGES

International Company News New German loan 14/15 Farming and Raw Materials: U.K. plans for U.K. Market sheep meat row 17

Subtle rapprochement replaces naked antagonism in South-East Asia

BY RICHARD NATIONS IN BANGKOK

A COMBINATION of geopolitics and economic common sense has recently precipitated a shower of diplomatic good-will missions in south-east Asia where formerly only propaganda blew across the Mekong river to parch relations between Communist Indochina and the vigorously capitalist regimes of ASEAN. After a year of increasing mutual suspicion, a four-man Vietnamese delegation visited Bangkok and was greeted with warmth and high hopes. It came to discuss trade and the exchange of ambassadors—the first phase in keeping with the recently signed Thai-Vietnamese joint communiqué announcing that immediate steps would be taken to normalise relations. Shortly before receiving the mission, the laudable list of year-old economic blockade of Vietnam's ally, land-locked Laos, which depends on Thai goods to transit most of its external commerce, even Burma and Cambodia, the most introverted regimes in the region, have taken a notable part in the extraordinary blossoming of regional diplomacy. After two trips to Peking within one year, the Burmese Prime Minister, Ne Win, recently visited Phnom Penh. Observers in Bangkok look it as a response to Peking's interest in reducing the isolation of Cambodia. Ne Win hopes that China in return will reduce its support for Rangoon's most noisome domestic problem, the Communist insurgents based near the border with China. In the same week, the Cambodian Prime Minister, Pol Pot, played host both to the Chinese Vice-Premier, Chen Yun-huei, and Thunlu Akmad Rithauden, the foreign minister of Malaysia, which views itself as a diplomatic bridge between the Communist capitals of Indochina and the leaders of ASEAN—the five nation non-communist grouping in South East Asia, which is condemned by Moscow but approved of in Peking. General Kraigask Chammanand, the new Thai Prime Minister, a representative of that military oligarchy which in the past aligned rigidly with the Americans and opposed anything Communist, now has been favoured by Peking with an invitation to meet Chairman Hua Kuo-feng. All this diplomacy reflects the rapid end of the antagonistic military alliances that polarised the region during the Vietnamese war, and their replacement by a much more subtle form of economic and political competition. The removal of the last American troops from Thailand in July 1976, and the recent fall of the Thai Prime Minister and the region during the cold war Tanin Kraivichien has fulfilled Vietnam's minimum conditions for entertaining normal relations with Thailand. Despite his close connections with the Americans, Hanoi sees in General Kraigask

a political realist ready to use diplomacy to achieve the security for which the Thai military in the past relied upon the American alliance. Observers in Hanoi say that the Vietnamese also want to encourage the liberal trends in the Kraigask regime. The Vietnamese have a more tangible and immediate motive for normalising relations with Thailand, their need for rice. A combination of bad weather in the North and mismanagement in the South this year means that Hanoi will have to buy well over 1m. tons from a world market where only the U.S. and Thailand are reliable long-term suppliers. Thailand also has cement and steel rods for sale for reconstruction in Vietnam. But medium term considerations are equally compelling. The credit, technology and aid that Vietnam is seeking from Japan and the West simply cannot be fitted into an interlocking image of revolutionary

militancy and aggression. As resolution of a prolonged factional struggle in favour of Pol Pot, all have worked to Peking's advantage. Peking appears to be persistently cultivating relations with Phnom Penh, Bangkok, and Rangoon in what observers here view as an attempt to sketch a southern boundary to the spread of Soviet influence, already well entrenched in Hanoi and Vientiane. Observers in Hanoi speculate that the Vietnamese were particularly disquieted enough to distinguish between Thai relations and party-to-party relations. While working towards normal relations with Bangkok, the same Phnom Penh leadership supports Thai Communist insurgents to "liberate" Bangkok. Bangkok is concerned about the continuing support for Thai Communist insurgents from Hanoi and Peking, as well as Phnom Penh. But Kraigask has brought the military around to recognising

the value of diplomatic relations with Hanoi. It can be seen that bilateral trade (with Hanoi) once we have means to talk to each other. Foreign Ministry official commented. This reflects the move in Bangkok as the region backs on what must be seen in Bangkok consider to be new diplomatic era, characterised by self-confidence, but may also an excess of optimism.



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HOME NEWS

Holiday rush starts smoothly

PROSPECTS appeared bright generally at the start of the Christmas holiday travel rush. British Airways expects to carry an additional 7,000 passengers...

ICI gives lead for fertiliser price rise

FERTILISER PRICES will rise by up to 15 per cent on January 1. Imperial Chemical Industries took the lead in the industry yesterday by announcing average price rises of 15 per cent...

Airport duty-free sales increase

DUTY-FREE sales at British airports have risen in the last nine months and the British Airports Authority predicts a substantial advance in 1977-78 on last year's record total.

General Accident to raise car premiums by 9%

BRITAIN'S highest motor insurer, General Accident, will raise its premiums for private car insurance by about 9 per cent from February 1 next year.

Iranian officers 'would not risk bribe'

A FORMER Defence Ministry signals adviser accused of corruption claimed at his trial at the Old Bailey yesterday that any Iranian who approached him for a bribe would have been imprisoned immediately if the request had been known.

Brick output shows slight improvement

BRICK production in Britain last month rose to 451m, against 436m in the previous month, according to provisional Government figures released yesterday.

New Highway Code out in February

A NEW version of the Highway Code is finally to appear in February. It replaces the existing code which has become out of date in several important respects since it was published nine years ago.

Steel use up to level of 1976

STEEL CONSUMPTION rose in the third quarter of this year, to bring it up to last year's level. The level of consumption was 5.9 per cent higher in the first half of this year.

New factory for ICL

A DECISION by ICL to build from an existing factory at West Gorton, Manchester, with no assurance of continuity of employment, was welcomed by civic leaders yesterday.

No big rise in bank loans to industry

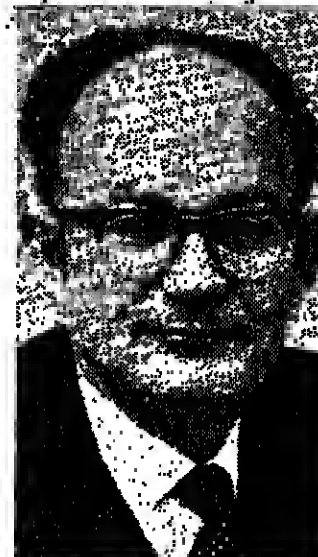
MANUFACTURING INDUSTRY continues to show no substantial increase in its demand for bank lending, according to the latest figures issued by the Bank of England.

NEWS ANALYSIS - BBC EXTERNAL SERVICES

Threat of cuts in the air

Not quiet these days in a world of BBC broadcasting. In the last few days there have been a number of major Radio 4 current programme changes...

World Service, operating 24 hours a day in English, French, Spanish, Arabic, and other languages, and transmission and monitoring facilities.



SIR KENNETH BERRILL Head of 'Think Tank' review.

The review body, in a cost analysis exercise, tried to find a way round the size of the spending programme using the idea of a priority area.

Outspoken

In reply to the BBC played the cultural card. "Implementing the cuts," it said, "would be interpreted as a deliberate withdrawal from the dominant role played in world broadcasting since 1940."

BANK RETURN

Table showing Banking Department Liabilities and Assets, including Public Deposits, Special Deposits, and Banknotes.

Quarterly analysis of bank advances

to U.K. residents by banks in the U.K. at November 16, 1977; as Table 4 in the Bank of England Quarterly Bulletin.

Large table with multiple columns showing advances to U.K. residents by banks in the U.K. at November 16, 1977. Includes sub-tables for Manufacturing, Other Production, and Personal.

Advertisement for 'SADAT'S MOST OUTSPOKEN INTERVIEW' featuring a portrait of Anwar Sadat and promotional text.

HOME NEWS

LABOUR NEWS

Futures loophole to be closed

By Rupert Cornwell, Lobby Staff

THE GOVERNMENT is planning to take action in the 1978 Finance Bill to close the tax avoidance loophole whereby short-term commodity market investments are employed to reduce taxes for high rate income earners.

Accounting Standards head may retire early

By Michael Lafferty

SIR WILLIAM SLIMMINGS may retire as chairman of Accounting Standards Committee, the private rule-making body on accounting matters, at the end of March.

Tate and Lyle sues over TV documentary

BY MARK WEBSTER

TATE AND LYLE yesterday issued a writ for libel against Associated Television over a documentary about working conditions for blacks in South Africa.

Oil find raises Beatrice interest

By Kevin Done

THE MESA offshore group has discovered uncommercial quantities of oil from a well drilled only 10 miles from its earlier Beatrice discovery.



Four Merseyside firemen complete their pay-protest march in London to hand in at 10, Downing Street, a petition containing 500,000 names.

Busmen settle for 10% and bonus discussions

BY ALAN PIKE, LABOUR CORRESPONDENT

THE GOVERNMENT is cautiously optimistic that the log-jam which has caused a slow start to the annual pay round is clearing and that settlements within the 10 per cent guidelines will now begin to flow more quickly.

Further support for the Government's pay target came yesterday from delegates representing 85,000 busmen employed by the National Bus Company.

Summerland actions

TWO HIGH COURT actions for damages arising out of the Isle of Man Summerland fire disaster of August, 1973, are to be heard at Douglas next month.

M4 section opened

By Anthony Moreton, Regional Affairs Editor

A FURTHER 12 miles of the M4 motorway in Wales was opened yesterday by Mr. George Thomas, Speaker of the Commons.

Coalmine machine export hope

BY DAVID FISLOCK

BRITAIN'S greater experience of longwall coalmining techniques could open very considerable opportunities for exporting machinery in the next 10-15 years, according to a survey of the international market for coal mining machinery.

proportion of the coal in a seam often approaching 100 per cent. —to be extracted, and can often be done more readily with mine safety requirements, says the survey.

Equipment needed for U.S. coalmining is often considerably more expensive, however, because of the seam thickness and the preference for very heavy-duty equipment.

Row over Leyland staff scheme

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

LEYLAND CARS is pressing ahead with bargaining reforms for its 30,000 white-collar workers regardless of opposition from the staff section of the Transport and General Workers' Union.

A decisive move is likely early next year, when the Leyland Staff Section, which has the majority of staff at Jaguar, Coventry, pursues its annual wage claim. Action will be threatened should the company refuse to negotiate with one of its unions in rejecting Leyland's pay reform package.

Recognition in balance

BY OUR LABOUR CORRESPONDENT

THE BOARD of British Shipbuilders yesterday decided against making an immediate decision on whether it should recognise the Shipbuilding and Allied Industries Management Association.

Shipbuilders, therefore, may await the outcome of specific SAIMA recognition claims which have been referred to ACAS.

NORTH SEA OIL REVIEW

Devolution: its uncertain effects on Scottish oil

OIL AND Scottish politics make an indigestible mixture. But now is an opportune time to look at the Government's devolution proposals to see what implications—if any—they have for energy.



Mr. Gordon Wilson, MP (left), energy spokesman for the Scottish National Party, and Mr. John Smith, Minister of State for Devolution.



for example, it is clearly laid down which aspects of ports and harbours legislation can be given to the Assembly and which is to be kept by the Government.

provisions are split out by Mr. John Smith, Minister of State at the Privy Council Office responsible for devolution and himself a former Energy Minister in a recent letter to the Shetland Islands Council.

able for the Assembly to both influential, and a focus of grievances against central Government as well as being a forum for national aspirations, while at the same time remaining stable, and contributing towards an orderly and undisturbed transition to the new political arrangements.

'Carrot to quit' protest by steel unions

By Pauline Clark, Labour Staff

UNION LEADERS in the steel industry claimed yesterday that their plans for negating redundancies were being a steadily overtaken by a number of workers voluntarily leaving with large cash payouts.

Raleigh 10% package ends strike

RALEIGH INDUSTRIES of Nottingham, the Tube Investment subsidiary at which a six-week strike has hampered output of cars, cycles, and toys, will return to normal production next Thursday.

Newsman seek injunction

MORE THAN 100 Manchester Evening News journalists are to seek a High Court injunction to-morrow after receiving 41 missal notices two days ago.

BY RAY PERMAN

The Management Page

EDITED BY CHRISTOPHER LORENZ

Nicholas Owen, railway sleuth extraordinaire, investigates a most dastardly crime on the Kings Cross-Cambridge line

Murder on the Buffet Express

"No chairs, no porter, no cut on a seat. From Chorlton-cum-Hardy to Chester-le-Street."

SO CHORUSED Flanders and Swann in a charming little song that extolled some of the more enteric railway experiences which are no more than a memory. Now another delight is about to disappear: in a few weeks' time the Cambridge Buffet Express will be no more, and tired businessmen from Cambridge and the Hertfordshire commuter belt will no longer be able to travel home propping the bar, or enjoying some of the best examples of British rail cooking.

Connecting the university town with Kings Cross, this train has attracted a remarkably loyal clientele down the years, since it was introduced in 1932. Like the Belle, the modest Buffet Express has a reputation for special service much appreciated by its regular patrons. It starts from Cambridge, they say, from the garden cities of Welwyn, Welwyn, and Stevenage and the older communities of Hitchin and Royston. On the way up to London they emerge from the dingy hedges for a coffee in the buffet car, and on the way home they turn for a whisky or a gin-several—often accompanied by a light meal.

In the days when named trains were smiled upon by the British Rail hierarchy, the Buffet Express had a host of titles to originality, ranging from "the only pub in Letch-

worth" to probably the only BR coach to be decorated with tinsel and streamers every Christmas. The decorations are still there this year, but the train has lost its special cachet for Letchworth residents. The name boards on the side of every coach have long since

been replaced by a locomotive-belled rake. The understandably stony commercial heart of British Rail dictates that such luxuries cannot be incorporated into the new electric stock.

The electric will run as far as Royston. Anyone wishing to go beyond there to Cambridge

Buffet Express was always as an attentive publican might do. Not surprising, therefore, George Gallagher, 19 years on the serving end of the operation, six of them as chief steward, recalls the days of a unofficial menna. There is a caste system in BR train catering, some trains being more favoured than others for the quality of service offered. The Cambridge train was always supposed to be one of the lower ranking purveyors of elementary food and drink. But there was an understanding that the Cambridge crews, when obtaining their stores first thing, would take on board comparative luxuries like 9 lb of salmon because their customers had come to expect rather better than the basic buffet fare.

George remembers a one-time head of rail catering, who himself had started as a kitchen boy on the train, announced that he knew he had to turn Nelsonian blind eye to the Buffet Express menu. Times and managements have got tougher and snacks, though thoroughly well-cooked, are now the order of the present day.

George, so much a fixture of the express and on first name terms with many of his regulars, got into catering on the Cambridge run almost by accident. He was doing quite well as a carpenter and joiner when his brother-in-law, who was a steward on the express, asked if he would help out for a while to cover a staff shortage. The money for a regular employee was rather better than the joinery trade would pay, and so George decided to join the railway.

George himself, now 53, and headed for the Liverpool Street line, talks proudly about his work and his customers much

as an attentive publican might do. Not surprising, therefore, George Gallagher, 19 years on the serving end of the operation, six of them as chief steward, recalls the days of a unofficial menna. There is a caste system in BR train catering, some trains being more favoured than others for the quality of service offered. The Cambridge train was always supposed to be one of the lower ranking purveyors of elementary food and drink. But there was an understanding that the Cambridge crews, when obtaining their stores first thing, would take on board comparative luxuries like 9 lb of salmon because their customers had come to expect rather better than the basic buffet fare.

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Station	Week Days—continued				CAMBRIDGE BUFFET EXPRESS
	dep	arr	dep	arr	
6 Norwich (Thorpe)	1 35	2 42	4 2	5 37	
6 Ely	1 46	2 53	4 13	5 28	
35 Bury St. Edmunds	1 46	2 53	4 13	5 28	
35 Newmarket	2 10	3 17	4 37	5 52	
Cambridge	2 15	3 22	4 42	5 57	
Harston	2 20	3 27	4 47	6 02	
Foxton	2 27	3 34	4 54	6 09	
Shepreth	2 31	3 38	4 58	6 13	
Meldreth and Melbourn	2 36	3 43	5 03	6 18	
Royston	2 44	3 51	5 11	6 26	
Aswell and Morden	2 52	3 59	5 19	6 34	
Baldock	2 58	4 05	5 25	6 40	
Letchworth	3 01	4 08	5 28	6 43	
Hitchin	3 05	4 12	5 32	6 47	
Hitchin	3 05	4 12	5 32	6 47	
Stevenage	3 05	4 12	5 32	6 47	
Kenworth	3 05	4 12	5 32	6 47	
Welwyn North	3 05	4 12	5 32	6 47	
Welwyn Garden City	3 05	4 12	5 32	6 47	
Hasfield	3 05	4 12	5 32	6 47	
Finbury Park	3 05	4 12	5 32	6 47	
Broad Street	3 05	4 12	5 32	6 47	
Kings Cross	3 05	4 12	5 32	6 47	

Flashback to the good old days: Table 12 of the Eastern Region timetable in 1952.

vanished, as has any mention of "Cambridge Buffet Express" in the timetable, and its proud name now lives on only in the minds, mouths—and stomachs—of its regulars.

True, electric trains are coming, and they will actually do the journey, or at least some of it, that bit quicker. But there lies the trouble. The buffet part of the Cambridge express is one

(via Flanders and Swann-sounding stops like Meldreth and Shepreth) will not only travel unrefined but have to change at Royston out of the electric trains into elderly diesel multiple units. To be fair to BR, buffet services will still be available to Cambridge on the alternative route, from London's Liverpool Street station. But then the Cambridge

roll and hardboiled eggs raged round me, I could think only of those haunting lines from Yeats: "I know that I shall meet my fate somewhere among the skies above; those whom I fight I do not hate, those whom I guard I do not love." The words are from a jolly little ditty entitled An Irish Airman Foresees His Death. White knuckle flyers will know it well.

Fear of flying—and I do not

refer here to the outspokenly erotic novel by Erica Jong—is not easily cured. But there are one or two measures that can be taken to make the affliction more bearable. In my experience a large helping of librium or valium washed down by a liberal glass of dry martini or whisky, will go some way towards easing the agony.

It also helps to hold the hand of the nearest passable male

during take off and landing. And the usual rignarole of "Is your trip for business or for pleasure? What is your name? What do you do for a living? Would you like to come to supper next week?" may be dispensed with under the circumstances.

In the first place you will not have time for these niceties; secondly, if you have taken the mixture as already prescribed you will be quite oblivious to

the normal courtesies expected of a civilised people; thirdly, fear will give you a steel-like grip from which not even the most dedicated misanthropist will be able to escape.

The journey will pass more quickly if you can persuade your handsome comforter to chat to you. If you yourself are a man, he should have a good deal to say.

A pilot with a sense of humour can also help to keep

up morale. One airline in the U.S. is said to have instructed all its pilots to make the following announcement every time they changed gear: "Ladies and gentlemen, this is your captain speaking. The noise you just heard was a change in the engine tone. It was not the wings falling off."

Mind you, I would be inclined to take a quick look out of the window if I heard this—just to make sure.



George Gallagher in his decorated hostelry this Christmas.

Fear of flying

By Sue Cameron

THE NEWS that Freddie Laker has been given special permission to step up the number of Skytrain flights to the U.S. has been greeted with acclamation in most quarters. But personally the very thought of yet another flying machine huzzing

about in an already overcrowded Transatlantic sky, is enough to make the soles of my feet prickle and the palms of my hands sweat.

It is not that I am against Laker-style enterprise. Far from it. But I hold it as an article of faith that if God had meant us to fly, we would have been given wings.

The first time I saw the light over the road to Damascus was in

a plane on the flight path out of Khartoum. The aircraft in question was well advanced in years and as soon as it hit the air pockets of the desert it flapped its wings wildly, but in vain, and dived earthwards.

As we levelled out at about 20 feet, the screaming ceased and everyone set about retrieving their breakfasts from other people's laps. But as disputes over the ownership of bread

rolls and hardboiled eggs raged round me, I could think only of those haunting lines from Yeats: "I know that I shall meet my fate somewhere among the skies above; those whom I fight I do not hate, those whom I guard I do not love." The words are from a jolly little ditty entitled An Irish Airman Foresees His Death. White knuckle flyers will know it well.

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Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

Automation

Welding lines will have many robots

ROBOTS JUST placed with the first framing station where five of the parts, except the roof, are clamped and receive 76 welds from guns that are part of the station's tooling.

The truck is positioned for welding with two roof openings, the most highly automated plants in Britain and a unit for any equivalent car production unit in Europe.

Some 28 industrial robots will be supplied by Unimation of Italy, Salop, to go into the body frame lines which will be about 27m. to set up and

They will be the first of their kind in Britain and each 102cm long will work on a two-basis to give Leyland's positive edge with other manufacturers in volume production.

Robots include 24 Unimate units, four 2008-G and four 2601-G models. They will be incorporated into the lines the first of which will be installed in late 1978, the second a few months later.

Advances over the previous generation include the fact that the bodies will for the first be welded automatically on-line control station that geometry is maintained within a one-tenth per cent tolerance.

The computer monitoring system will watch over general production standards.

The system six main components include the roof and less developed together on a jig reference by mechanical tabs.

The line receives the truck in

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Handling

Air pallet transfer

TO ENABLE British Airways to expand its facility for accumulating aircraft cargo loads for export, power lifts has supplied an additional "train" to handle the transfer of loads between warehouse conveyor system and delivery vehicles, providing an interface between landside delivery and airside loading.

Powered by integral electro-hydraulic drive, the train comprises a rail-mounted trolley with double flanged castors carrying a scissor lifting machine with a powered roller conveyor deck.

At the end of the trolley is an operator cab and control console. Pallets and containers are prepared adjacent to the landside export warehouse conveyor some three hours before a flight is scheduled. When a load is ready the 7,500kg capacity lift traverses to meet the appropriate gravity conveyor line in the warehouse. The operator can locate the platform until it inches accurately with the conveyor.

The loads are transferred manually to the power conveyor on the lift, which then traverses to the vehicle, raising the load to lorry bed height, and using the powered conveyor to transfer it.

The trolley cab is fitted for 24-hour all-weather operation, and the trolley has a range of safety devices including an interlocked control system which prevents trolley movement during lift operation.

More from Power Lifts, Hadley Works, Holywell Industrial Estate, Westford WDI 8TJ (Watford 27224).

Pollution

Swedes make drive on waste

LEADERS IN high pressure technology—the first synthetic diamonds—were produced at ASEA, Robertfors some 20 years ago—the Swedes are pressing ahead very quickly with methods of storing fuel that has been used in nuclear power stations and thus will remain highly radioactive for some thousands of years.

Earlier this year, ASEA put forward storage systems based on extremely high pressure densification of either solidified high severity wastes resulting from the processing of fuel elements to extract residual uranium and whatever plutonium may have been formed, or of whole fuel elements themselves.

Since then, and largely because of the U.S. attitude to reprocessing, ASEA has concentrated on the latter approach, in a relatively near future, in a treatment centre constructed at Robertfors at a cost of about £1.7m., ASEA will be able to

enclose spent fuel rods from both pressurised water and boiling water reactors in casks of a material which is hard and as impervious to leaching as sapphire, to which it very closely approximates in chemical and physical constitution.

The material, samples of which have been produced in a 10,000 come Quintus press built by ASEA, is stronger than granite and has such a low solubility in water that any attempt to estimate how long it would take to penetrate a container is virtually a waste of time.

The ASEA approach would be to take a pair of spent fuel rods some four metres long, insert them into a stainless steel tube and close the latter by welding the ends. This tube would then be coiled and a series of these coils packed inside a welded container able to take some 100 rods. This again would go inside a sapphire coffin, the two halves of which would be subjected to

Machine Tools

For turning complicated profiles

INTENDED FOR the economic production of small to medium sized workpieces with complicated profiles, a computer numerically controlled (CNC) churning and shaft lathe is the latest turning machine made by Niles, in the German Democratic Republic.

Driven by a thyristor controlled 16 kW dc motor, the spindle has 833 programmable speeds in two ranges—from 20 to 700 rpm, and 710 to 2400 rpm. This precise drive variation is said to ensure optimum cutting conditions for all materials. As an option, the speed range can be extended to 3,200 rpm.

Separate servo motors drive

the longitudinal and cross slides, providing infinitely variable feeds from 0.01 to 10,000 mm/min. There is an eight-station tool turret, and an optical tool pre-setting device is available.

The lathe's quill diameter is 100 mm, and it has a 100 mm stroke. Swing over cross slide and bed are 160 and 280 mm respectively, and turning length is 1,000 mm.

Marking is by Rembrandt Machine Tools, Carston Way, Holywell Industrial Estate, Watford, Herts., WD1 8UA (Watford 35333).

Control for industry

THORN AUTOMATION

Rugley, Staffs, England

Electronics

Gives delay precisely

ON the market by Exel Electronics is a digitally-controlled time delay unit which can be used as a slow pulse generator of high precision.

It is generated by an input pulse—any commonly used waveforms—producing an output pulse of a very accurate period.

A thumbwheel device with four decades of range of one microsecond to 9.999 seconds to be set in four separate ranges.

Connecting the output to the input will give the equivalent of an accurate, slow pulse generator. Furthermore, two or more of the multiple delays to give applications such as high speed applications. The unit is powered from a five volt supply from which it takes 0.5 amp, and is mounted in a case requiring a 145 x 61 mm cut-out.

More from the company at Watlington Road, Branksome, Poole, Dorset BH12 1LR (0202 787873).

Combined operations

Mechanical speed control

DESIGNS HAVE been completed which enable the Brimec self-loading lorry system to be fitted with a Challenger hydraulic crane.

This handling combination allows tracked or wheeled plant to be winched or driven on to the Brimec, which forms its own loading ramp. Smaller immobile items can be craned on to the forward part of the platform where the body has returned to the horizontal.

The self-loading body, also available as a trailer or with a tipper mechanism, is built to order. The Challenger cranes (to BS 2573) have a lift of 2,000 kg at 1.5 metres, or 1,200 kg at 2.45 metres—weight at maximum extension is 2.84 metres. The cranes are demountable, and accessories include a personnel basket, winches and grabs.

More from Brimec (U.K.), Channel Lane, Clayhill, Bristol BS5 7TL, or Cheltenham Industrial Marsh Works, Downbury Road, Cheltenham, W. Yorks. BD19 5BE.

Components

Mechanical speed control

KOPP of Switzerland has launched a new series of speed controllers which it calls its M-series ball variators.

From the engineering standpoint, the new design has been arranged to give a high degree of flexibility in terms of mounting positions—vertically or horizontally. Standard flanges on both sides allow simple fitting of a wide range of electric motors or reduction gear units. A speed ratio range of either 3:1 or 12:1, dependent on whether the application requires constant horse power or constant torque is provided. For special lightly loaded applications, this can be extended to an unusually wide range of 20:1.

The lubricant chosen is Monsanto's Santotrac synthetic high traction fluid. The high traction coefficient of this fluid has

Materials

Moulded chair frame

AIMED AT the banqueting, restaurant and contract furnishing markets is a new design of chair frame moulded in two parts from a glass reinforced structural foam grade of ICI polypropylene.

Packing flat for transport, the chair is assembled with a single joint fastened by two screws. A standard 20 litre container will take 500 of the chairs in "knock-down" form.

The single joint needed for assembly is incorporated in two rails underneath the chair. The two halves of the chair are crossed over one another and the joint snapped shut, securing the frames at the correct angle for fastening by two screws. There are moulded fixing points for attaching the upholstered seat and back.

Four designs, all of which will be available in conventional wood finishes or in self-colour so that scratches and dents have a minimum effect on appearance. A heavy-duty version can be made. Styling resembles the conventional Regency type, but other designs can be made to order.

It is claimed that the frame can be produced at a much faster rate than conventional wooden chairs, in price, and is much stronger than jointed wooden chairs.

The chair frame is moulded by Wetherwell Plastics, 8, The Crescent, Selby, N. Yorks. (0757 2161). The company says it expects a high export market for the frame, and is prepared to license the design.

Conference

Markets for gas plants

OPPORTUNITIES for selling processing equipment and services to producers and users of natural and synthetic gases will be discussed at a two-day conference to be held at the Mayfair Hotel in London on February 15 and 16.

Four areas will be covered: limiting factors such as reserves and safety factors, role of coal, methane production and markets for plant such as gas engines, separation equipment and turbines. Speakers will come from the Department of Energy, EEC Commission, British Gas Corporation and several big industrial companies.

Charles Simeons will chair the conference. Details from Frost and Sullivan, 104-112, Marylebone Lane, London W1M 5PU.

Data Processing

More memory provided

DATA General has made the first major additions to its CS/40 business computer range, the first shipments of which took place in the autumn.

In the new models disc capacity is increased nearly 20 times from the previous maximum of 40m. to more than 760m. bytes.

Versions C4 and C6 include from one to four 96m. or 190m. byte disc subsystems and the company says that these high performance discs can also be added to existing CS/40 models to upgrade them.

All the systems are compatible, so that a program developed on one model can be transferred to any other without re-programming or re-compilation. They all use interactive Cohol, intended specifically for commercial data processing applications.

More from the company on 01-578 9231.

Computer typesetting service

BASED upon its background in computer output on microfilm (COM) and the fact that it has most of the required hardware and software ability in-house, Micromation of Aldridge, Staffs, is offering a computer photo-typesetting service.

It should appeal to computer users who wish to publish information that they already have on file, because the technique obviates proof-reading, has a fast turn-around and gives a quality print image.

All the "composing" is in effect undertaken by the Micromation program; all the customer has to do is provide a magnetic tape containing the data file and an initial specification of what is needed for headings, rulings, page breaks, and so on. A choice of fonts and styles is available.

Pages can be any size up to A3, and the output is full-size on high contrast bromide paper, suitable for platemaking. If desired Micromation will undertake the platemaking and printing as well. More on 0922 55221.

More store, less cost

THE single board microcomputer SEC-80/20 made by Intel can now be supplied by Rapid Recall, the London distributor, to upgrade them.

All the systems are compatible, so that a program developed on one model can be transferred to any other without re-programming or re-compilation. They all use interactive Cohol, intended specifically for commercial data processing applications.

More from the company on 01-578 9231.

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Palestine peace hopes: shadow and substance

BY ANTHONY McDERMOTT



The monetary targets

THE over-subscription of the latest gilt-edged issue rounds off nicely what has been a busy and successful year for the Government Broker, but illustrates once again that, with a system of rigid monetary targets, monetary policy must almost inevitably be conducted in fits and starts. It may be useful to recall briefly the pattern of the past few weeks. First, the market was rattled by the fact that the inflow of funds from abroad had finally overwhelmed the Bank's attempts to control it and had pushed the rate of growth in the money supply through the upper end of the target range. Demand dried up completely, since a rise in interest rates was expected and at the end of November the Bank had to push up minimum lending rate from 5 per cent to 7 per cent. Even this was not enough to restore confidence, and the Bank had to let the discount market know directly the following week that it did not regard any further rise in MLR as necessary.

As soon as confidence was restored, however, sales of stock became impressively large. The whole of a long tap stock and the rest of a short tap issued in September were sold earlier this month, and the latest £80m issue (on which only £15 is payable immediately) brought in the stags. Together with further calls on previous partly-paid issues, the operations of the past few weeks have been highly satisfactory from the Government's point of view.

Subsidiary

It was anxiety about the growth of the money supply which caused the original collapse of confidence. What caused it to revive? Not simply the rise in minimum lending rate, necessary as that may have been, because the market's immediate reaction was to wonder nervously whether yet another rise might not be on the way. There were, in fact, a number of encouraging items in the news. The mini-Budget, given the scope on paper for hand-outs, was restrained and actually helped the exchange

THE MEETING of President Sadat of Egypt and Mr. Menachem Begin, Israel's Prime Minister, on Christmas Day in Ismailiya has been presented as a symbol of hope for peace in the Middle East. Mr. Begin himself said in London last Tuesday that his visit was "not symbolic, but if people wanted it to be symbolic I should be very glad." One of the by-products of the astonishing pace at which events have moved since Mr. Sadat went to Jerusalem a mere month ago has been that Israel has grasped the symbolic talks about concessions and arguments about procedure have both been superseded. What is needed now are concrete steps towards peace, or at least public commitments to the principles that could lead there.

The most pressing task for Mr. Begin and Mr. Sadat is to work out a programme in which Israel concedes areas broad enough to involve the Jordanian and Syrian fronts as well as the Egyptian one. By that means Mr. Sadat could disarm those Arab critics who believe that he is working only for a bilateral deal with Israel. It would also open the way for other countries such as Jordan, and particularly Syria, to join negotiations. In other words, Mr. Sadat needs some means of making the Egyptian-Israeli talks into what he has always claimed they were: preparations for the Geneva conference on a comprehensive peace settlement.

So far, both President Carter and Mr. James Callaghan have been enthusiastic about what Mr. Begin is offering. But both have stopped short of full endorsement for tactical reasons, because to do so would give the impression of coming out in favour of Mr. Sadat rather than of Mr. Sadat, ahead of substantive talks. Both the U.S. and British Governments hold the view that Mr. Begin has not yet offered the vital concessions needed to propel negotiations from the bilateral phase into broader Arab-Israeli talks.

In brief, he seems to have offered "autonomy and self-rule" to the West Bank (except over security and foreign affairs) involving local elections and choice between Israeli or Jordanian citizenship. The Jews and Arabs of Israel and the West Bank would have mutual rights to settle in each other's regions. Jerusalem would not be redivided, but "self rule" of the religious places by their relevant authorities would be permitted. Above all, Mr. Begin has said that these ideas could be subject to review. He indicated, too, that there would be no problem about withdrawal from Sinai, something which would appear to be confirmed by the talks earlier this week between Mr. Ezer Weizman, the Israeli Defence Minister, and General Abdel-Chanl Gamasy, his Egyptian opposite number.

and President Sadat. The main attraction of Mr. Begin's proposals is that they can be taken as foundations upon which peace could be built. One key element is Mr. Begin's readiness to review arrangements on the West Bank. By suggesting home rule he is revoking his earlier statements about the West Bank being "liberated" and not "occupied." Although he denied at London Airport this week having changed his attitude, the implication is that for the first time the principle of Israeli sovereignty over the West Bank, most problematical of the occupied territories, is open to negotiation.

The objections to Mr. Begin's plans are more tangible. Firstly, Syria would not be tempted to join talks unless it were offered

only formula which hitherto seemed remotely acceptable to the Arabs. Fourth, the Israeli proposals for the West Bank do not change the present situation very much. The present municipal leaders are already elected. A large question mark hangs over the degree to which any area under direct Israeli security control could be called "autonomous." Mr. Begin has said categorically that it would not be possible for a State to emerge on the West Bank.

Fifth, for the inhabitants having no say as to who could come and settle would conflict with the principle of self-determination.

Finally, Mr. Begin seems to have been talking only about those Palestinian Arabs in the West Bank and the Gaza Strip,

but could still be persuaded not to reject a negotiated settlement. Finally, in the "rejectionist" class, came Iraq, Libya, Algeria, South Yemen, and some of the extreme Palestinian groups. What has emerged since has been a gradual polarisation as the "rejectionists" and the "acceptors" drew to their sides those countries and organisations from the middle ground with the greatest affinity to them.

But there are important nuances. The rejectionists—in this case Algeria, Libya, Iraq, Syria, the PLO, and other Palestinian groups—held a conference in Tripoli between December 2 and 5 intended to form a solid block isolating Mr. Sadat, and to prevent him taking his initiatives any further. On the surface they appeared to have taken a completely negative attitude towards peace with Israel, but there were clear signs that they were far from unitedly committed. Enmity between Syria and Iraq is such that it often took first place over hostility towards Israel and Mr. Sadat. Indeed, Iraq walked out of the conference before the Arab embassy mediating between Egypt and Syria, but in fact drumming Syria to become completely "rejectionist" might have adverse effects in the whole region.

Thus the only effective action the group could take was to "freeze" diplomatic relations with Egypt—to which Mr. Sadat retaliated by breaking relations. Syria's tactics remain the key and are not quite so hostile as they seem. Senior Ministers have been organised against him in Damascus. But Mr. Assad has remained characteristically silent.

Syria's dilemma is acute. Having failed to gather support from conservative states, it is faced with the possibility of going to the extreme and renouncing UN resolutions intended to provide a basis for a settlement. But to do so would be to reverse the whole trend of Mr. Assad's Middle East policies since he came to power in 1970. If he isolates himself completely from Egypt in a way calculated to encourage Mr. Sadat to make a separate deal with Israel, he will be left diplomatically isolated without even the option of going to war singlehanded as a realistic alternative to negotiations. Thus in the end, Mr. Assad needs evidence that Mr. Sadat has obtained from Israel tangible pan-Arab commitments, which could specifically include an offer of withdrawal from the Golan Heights.

In some ways, the pro-Sadat camp mirrors that of his opponents. Initially, most states were critical. But they tended to stress the fact that Mr. Sadat had not consulted them in advance of going to Jerusalem, rather than to condemn him for having broken the taboo against Arab leaders publicly negotiating with Israel. At the heart of

this group is Saudi Arabia, whose financial support is crucial to Egypt. A crucial mediating role has been played by King Hussein of Jordan. His relations with Syria are close, and yet because of Jordan's complicated relationship with the Palestinians and the West Bank, and because he is at heart a conservative, he cannot afford to become a "rejectionist."

King Hussein has recently been touring Saudi Arabia, Bahrain, Qatar, and Oman ostensibly mediating between Egypt and Syria, but in fact drumming up support for President Sadat. Both the Egyptian and Israeli leaders have to keep their eyes on their own countries. Of the two sides, Egypt perhaps has a greater need for peace and therefore any form of a settlement, because of the appalling condition of its economy and its lack of a military option. At the same time, Mr. Sadat probably has an easier job than Mr. Begin. There has been a genuinely enthusiastic response in Egypt to his visit to Jerusalem, and the welcome given in Cairo to the Israeli delegation and accompanying journalists has been only barely contrived from above.

Mr. Begin already faces trouble from his own Likud party, which came to power in May. He is accused of having gone back on his assertion that Israel should hold on to such biblical lands as Judea and Samaria (the West Bank) by his offer of a measure of autonomy. A public opinion poll conducted for the Sunday Times between December 1 and 6 shows what Mr. Begin has to do to carry Israelis with him. On the one hand, 76 per cent of those interviewed were willing to trust Mr. Begin's judgment on the concessions he felt necessary to achieve peace in the Middle East. But when questioned on individual issues, there was a clear majority in favour only of returning Sinai (not the Gaza Strip) to Egypt. Egyptian-Israeli tactics at present seem to be intended to lure Jordan for a start into joining their talks. At the same time, Mr. Sadat is playing on the fear of the Palestinians of being dominated by Syria and being left out of negotiations by keeping his lines open to the moderates. In many

ways, the dilemma of Palestinians resembles that of Syria, but it is made up of the fact that he insists on its Palestinian negotiating partners not being the PLO. By gradually involving Jordan (and the Palestinian in negotiations, Mr. Sadat hopes to dispel the idea that is out after Egypt's state only and to make Syria cough that it had no option but to join in too.

As yet there is not much tempt either Jordan or Palestinians, let alone Syria. What would make the Christmas meeting more than a bold move would be if it led to making an historic commitment of principle to withdrawal on all three fronts, to deal with the Palestinian as a whole and not the parts of their choice.

Above all, such a gesture would vindicate Mr. Sadat's claim—echoed by Mr. Begin—of seeking a comprehensive peace. King Hassan of Morocco has played an important role in inter-Arab mediation and in Arab-Israeli contacts, put forward an eloquent and pertinent reply to those who have attacked Mr. Sadat's vociferously. Speaking in Marrakesh on December 14, he said, "recently we were back by the visit of President Anwar Sadat to Jerusalem, because he did not consult us. He did not want to embarrass us; he wanted to shoulder the responsibility of the consequences alone. If success followed, it would be the success of all; if failure followed I would be Anwar Sadat's." He went on: "Anwar Sadat addressed the Israeli Parliament. Did Anwar Sadat forget the rights of the Palestinians? Did he surrender one inch of Arab territory? Did he say, 'I shall conclude a separate agreement? He said nothing of the sort.' It is odd that we should have accepted all this if it had been said in Geneva or New York." He then implored other Arabs not to leave Mr. Sadat "alone on the field of battle." Only, it is not from fellow Arabs as much as from Mr. Begin that President Sadat needs help in turning the negotiations in Egypt from bilateral to multilateral talks.



Through Libyan eyes: Sadat, the Egyptian Press as his monkey, and a triumphant Begin, Dayan, and Mrs. Meir.

an Israeli withdrawal from the Golan Heights, and because of its close links with the Palestinians, a more direct involvement for them in negotiations. Without such enticements, Syria fears that Egypt and Israel are cooking up a bilateral deal. Secondly, Mr. Begin showed himself to be hostile to the involvement of the Soviet Union which, because it is one of the co-chairmen, makes it more difficult to reconvene the Geneva conference. Thirdly, his proposal for Jerusalem, the eastern part of which was occupied in 1967 and which is the only part of the occupied territories Israel has formally annexed, stops far short of "internationalisation." This is the

about one third of the 3m people calling themselves Palestinians, the rest of whom live in refugee camps in Jordan, Lebanon and Syria or elsewhere in the Arab world. At this stage, these arguments provide ready weapons for Mr. Sadat's opponents. After his speech to the Knesset, the Arab countries initially fell into four rough categories. The first comprised countries like Morocco, Tunisia, Sudan and Oman, which publicly supported Egypt. The second, which might be classed as the "waverers," consisted of Jordan, Saudi Arabia, and the Gulf States. The third category included Syria and the Palestine Liberation Organisation (PLO) which were openly hostile to

Keeping talking in Belgrade

THE first phase of the Belgrade security conference, which adjourned yesterday until mid-January, has not provoked the major row between East and West that some people originally feared. Despite frequent threatening noises, the Soviet Union has not walked out of the conference when it was criticised for human rights violations over the past 12 weeks. Outside the human rights field, a total of 92 proposals are now on the table for further action to improve co-operation in areas ranging from visas to energy. Both sides have put forward suggestions for strengthening out-of-area confidence when important military manoeuvres are taking place. If anything, the atmosphere at the talks has been decidedly undramatic.

Violations

There are those who would argue that the lack of drama is due to the relatively mild line the West has taken on human rights. Interested pressure groups and human rights activists had certainly hoped that Western Governments would be much more forthright in listing specific violations, naming names and demanding action from the East. In the event, while the U.S. has named one or two specific cases most Western countries, including Britain, have alluded to human rights violations only in broad and sometimes vague terms. The U.K., for example, has taken the rather surprising view that Belgrade is not the right forum to raise individual cases—not even the fate of those who have been trying to monitor the implementation of the Helsinki Final Act, which the conference is reviewing, in the Soviet Union.

The fact is that none of the Western countries want the Belgrade talks to collapse. The U.S., under the Carter Administration, feels the most obliged to bang the drum on human rights, and the American delegation in Belgrade has made some fairly firm statements. But Washington does not want a major clash when delicate negotiations are still under way with Moscow for a new strategic arms limitation agreement and the Middle East is in a state of flux. Neutral countries sometimes suspect that the two super-

Major effort

The aim must now be to end the Belgrade conference in a way that ensures this process can be continued and strengthened. It is not going to be easy. Although it may be possible to prolong the conference, only four weeks of negotiations are officially left for agreeing on a concluding document. The Soviet Union will try to make that document as banal as possible, while the West wants to include at least some reference to inadequacies in the implementation of the Helsinki Agreement. The whole conference could still be disrupted if the Soviet Union stages a show trial of a dissident before it ends. The hope must be that Moscow attaches enough importance to agreement on the proposals it has itself put forward, for instance on pan-European energy, environment and transport co-operation, to make some concession on human rights. That would be a fair bargain. The Helsinki process has proved its value and it is worth making a major effort to keep it going.

MEN AND MATTERS

Tory left back on track

No left-of-centre Conservative needs reminding that his star is not exactly in the ascendant these days. This, however, might start to change with the arrival of Jerry Wade to replace Jimmy Gordon at the head of the Tory Reform Group. The group was once an influential advocate of the views of the banished Heathites; lately it has become increasingly strident and an embarrassment even to its natural sympathisers. The TGR used to be the natural home of grown-up Young Conservatives, or—as some cynically remarked—City Meo with a Conscience. But its recent antics (including Keith Joseph-bashing over Grounwick and the like) seem to have been too much even for its nominal patrons in Parliament. Peter Walker and Nick Scott, both once close lieutenants of the deposed leader.

All of this is rather a pity for a professional and effective pressure group on the Tory Left might be no bad thing. The Right after all, is well served, with the Selsdon Group, the Monday Club and the National Association for Freedom—with which several Conservative MPs have open links.

The 35-year-old Wade, could be the man to change that. As an ex-parliamentary candidate the lost twice narrowly to Hugh Jenkins in Putney in 1974) and a former vice-chairman of the YCs, he knows his way around politically. Any further polish required should have come from a subsequent two-year stint in the U.S. with IBM, before returning to London with the imposing title of "Manager of government programmes" the company's public affairs division. Since a general election cannot be too far away, a contact with the City, a proximity which will no doubt be reinforced by the liberal distribution of tickets for the New Year's Eve



New Year's flit

Most of the board and a large slice of middle management from a leading Viennese bank, the Girozentrale, are flying to London on New Year's eve for what promises to be the cultural "away match" of the year.

This is a new production of that quintessential Viennese opera *Die Fledermaus*, whose premiere at the Royal Opera House on December 31 marks the first performance at Covent Garden since Bruno Walter conducted it in the 1930s. Girozentrale, which is essentially the central bank of the Austrian savings bank network, celebrated its 40th birthday this year and decided that joint sponsorship, together with the Royal Opera House Trust, of *Die Fledermaus* would be the ideal way to celebrate both its own birthday and its growing international ambitions. Its growing participation in the Eurodollar market and other areas has brought Girozentrale into closer contacts with the City, a proximity which will no doubt be reinforced by the liberal distribution of tickets for the New Year's Eve

Soaking it up

Post-haste after the news of the EEC's outlawing of our favourite whisky comes a Christmas card calculated to demoralise the most dedicated of toppers. Put out by the Wine and Spirit Association, it depicts Denis Healey dressed as Santa, gleefully raising his glass beside a barrel labelled "333 per cent tax increases on table wines since February, 1974." Inside the card, the doleful message is rammed home: "The Chancellor's Christmas presents this year will include some £400,000,000 from taxes on wines and spirits." Cheers.

Relax

The current edition of a German guide to England called "The Little Londoner" carries a few words of advice which I repeat here for the benefit of those thinking of coming over for the festivities. "Visitors to England need not trouble about taking a dress-suit with them if they intend spending only a short time there for the sole purpose of sight-seeing or studying the spoken language. Also the top hat may be left at home." That should set a few minds at rest. Happy Christmas.

Dead slow

In Brussels, occasional brainwaves occur among the many Eurocrats devoted to harmonising everything — be it beer, bread or banking. The proposal for an EEC driving licence is clearly less outstanding than the general run of ideas; it might eliminate some red tape and, perhaps, help to raise driving standards in certain member countries. So a meeting of the Council of Transport Ministers discussed the topic this week. But the brakes were slammed on, and the bureaucratic engine stalled,

Can buy me love.

Your gift can mean happiness for someone this Christmas.

10,000 men, women and children will be in our care this Christmas. Please help us spread the love born in Bethlehem.

To The Salvation Army, I would like to help the people in your care.

NAME.....

ADDRESS.....

Please make cheques/POs payable to The Salvation Army. Send to International H.Q. 101 Queen Victoria Street, London EC4A 3EP.

Observer

Spiffing

Brussels' Scotch order misfires

BY KENNETH GOODING

SUCH ARE the perversities of life that a European Commission ruling designed to increase competition and reduce prices has instead resulted in the withdrawal from the U.K. market of one of the best-selling brands of Scotch whisky and the possibility that some others will shortly cost more.

The Commission, timing its announcement to produce the greatest amount of seasonal goodwill, clearly believed that its order to Distillers Company (DCL) to stop its dual-pricing system in Britain would result in a reduction in the prices charged in Continental Europe.

But it took too simplistic a view of the situation. DCL has had a long time to consider its strategy and has much at stake. After all, last financial year some £44m. of its 1977m. turnover came from Scotch whisky operations.

The possibility of a confrontation between DCL and the Commission has been present since the 1975 U.K. referendum on Common Market membership which resulted, once and for all, in Britain becoming part of the Community.

Up to that time DCL had kept a tight grip on the export of its Scotch whisky brands but under EEC permit laws was obliged to "parallel" export markets to develop, at least to Common Market territories.

At that time the U.K. price and the export price for Scotch were well out of line and the parallel exporters could buy whisky in the U.K. and ship it to the Continent. There they could either take the extra profit or sell at prices cut far

below anything which could be offered by DCL's local sole distributors. This angered the distributors and worried DCL. Like nearly every Scotch whisky group, DCL hates the idea that it might lose its sole distributors or have to sack them. The main consideration is that the sole distributor has a long-term interest in the brand he is selling. He is not likely to do anything which might damage the brand and prospects, unlike the parallel exporter who is looking for a quick profit.

Villages

DCL insists that the biggest growth of its Scotch whisky brands in Europe has taken place outside the big cities—in provincial towns and villages. This has been achieved because the distributors have been willing to spend their own money on representation, advertising and promotion. Another important contribution they make is that they hold large stocks to help maintain continuity of supply in the event of strikes in the transport industries.

Stockholding is an expensive business and is an important factor in allowing DCL to plan forward production, particularly in the months of peak demand before Christmas.

There is still much to be done for Scotch in Europe. In West Germany, for example, Scotch accounts for only 3 per cent. of the total spirits market. This explains why DCL insists that "image" is so important because in most of the EEC countries Scotch is at an entirely different stage of its market development than in the U.K. where it accounts for around half the total spirits sales.

Damage that "image" by making Scotch a cut-price commodity at this stage in its European development and it could lose its fashionable appeal with direct results on future sales, says DCL.

In June 1975 the group came up with a scheme designed to comply with EEC competition laws and yet protect its sole distributors. DCL began to charge U.K. wholesalers one price if they intended to sell the Scotch in Britain and a higher price if they intended to export it to Europe. (There is still a DCL bar on exports by the unofficial channels to countries outside the EEC.)

The differential was roughly £6 a case of 12 bottles or 50p a bottle, representing the extra cost of marketing Scotch in the overseas markets, according to DCL.

This is the dual price system that the Commission has now ruled is unlawful. DCL can appeal against the Commission's ruling but it will take a week or two for the full text to reach the group and for its lawyers to see if there are any grounds for an appeal.

In the meantime, DCL has made its strategy clear. Johnnie Walker Red Label, a brand which first appeared 150 years ago, has been withdrawn from the U.K. market. This is the world's best-selling brand of Scotch and the one on which DCL's future profitability heavily depends. DCL is determined that its reputation should not be damaged and will retain complete control of the export and marketing policies for the brand world-wide. By its removal from the U.K. market, Johnnie Walker will not be available to the parallel exporters, a real blow to them because it was the brand on

which they concentrated most of their efforts. At the same time, DCL is to put all its weight in the U.K. market behind the Haig brand. This for many years was the No. 1 Scotch in the home market although it has now possibly been overtaken by Bell's. But its overseas sales are not very great, perhaps 500,000 cases or 6m. bottles, against 1.5m. cases (18m. bottles) in the home market.

The parallelers will not simply switch from Johnnie Walker to Haig because they only deal in products for which there is a ready market and on which they can make a quick profit. Be it Scotch, shoes or watches, the parallel exporter is interested only in shifting the goods as quickly as possible from maker to retail outlet. And he usually buys only when he has a guaranteed outlet for the goods he is buying. As there is hardly any European demand for Haig, such orders will be few and far between.

In order to protect its other leading brands DCL will be asking the U.K. Price Commission to permit price increases of up to 50p a bottle to go through unhindered. Obviously not all the brands in question will go up by the full 50p even if the Price Commission gives the go-ahead—and that is far from a foregone conclusion.

Black and White, which is very strong in Europe, Dewar's, one of the leading brands in the U.S., White Horse and Vat 69 will all be affected. Johnnie Walker Black Label is to remain on the U.K. market but Dimple Haig, a "de luxe" whisky which has been a favourite with the parallelers, has been withdrawn.

The impact of all these changes on DCL's market share will be significant. Mr. Ian McEwan of stockbrokers Wood Mackenzie estimates that, taking a pessimistic view, DCL could see its market share sink from around 33 per cent. at present to 20 per cent. For in effect DCL will be relying on Haig alone in the U.K. instead of a handful of brands as in the past.



A selection of DCL's Scotch brands and the EEC Commission headquarters in Brussels.

It is not unreasonable to suppose that Haig on its own could retain a fifth of the 10m. case (120m. bottles) a year market, particularly when the promotional efforts currently behind Johnnie Walker are added to those already being made for Haig. Johnnie Walker Red Label has been among the top four best-selling brands in Britain for many years, along with Haig, Teacher's and Bell's, and advertising spending has reflected this fact.

More recently, in 1975, Whitebread acquired Long John International and as a result sales of this brand have risen substantially, not only in Whitebread pubs but in the non-brewery trade as well. Until the beginning of this month Courage had a 27.5 per cent. stake in Glenlivet Distillers (since sold to Seagram Corporation) and has been giving Glenlivet's Queen Anne brand prominence in its outlets since the link was established in 1974.

Allied Breweries acquired Teacher's a year ago. But Teacher's and Bell's have both projected an "upmarket" image for themselves. Both whiskies cost a little more than the "standard" brands and Allied certainly would not want to damage the carefully nurtured and very successful campaign. It must be assumed that Price Commission permitting, both brands will want to keep the price differential between themselves and Haig intact as visible proof of their claimed superiority.

Other brands

Of course, other company's brands will be affected by the EEC decision in the DCL case. Teacher's is still in the process of defending its trading practices—it goes further than DCL and will not permit any export of its brand by parallelers.

The story is far from over. The European Commission has obviously been shocked by the DCL reaction to its ruling and is ready to discuss the position. It might well be that the U.K. Government, which should be alarmed about the threat to a major exporting industry—DCL's foreign earnings from Scotch last financial year were worth £220m. and the rest of the industry collected another £180m. or so—would want to get involved in the haggling.

However, if the DCL strategy does work as presently outlined, the U.K. market for Scotch will look very different this time next year.

the 75,856 no-licences in the U.K. (mainly pubs) 50,700 are owned by brewery companies. The main brewers in particular tend to drive hard bargains when buying Scotch, making the business relatively unattractive for DCL.

The brewers have also been building up their own interests in Scotch whisky. The Grant's Standfast consortium has been around for many years, for example. Allied Breweries, Bass Charrington and Whitbread, the three largest brewing groups, each have 30 per cent. of this U.K. marketing concern with the other 10 per cent. owned by Wm. Grant and Sons, owners of the Standfast brand.

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Market share

Any fall in DCL's market share would only continue a process which has been going on for the past ten years and has seen it plummet from more than half to around a third. There have been a number of reasons. Among the important ones is the strength of the brewers in drinks retailing. Around half of the Scotch sold in Britain is sold in "tois" over the counters of pubs or other "on" licensed outlets. And of

job are lost. Had the average corporation tax rate been applied the retained after tax earnings would be 50 per cent. higher at £12,000; and this is the difference between thinking about averages as against what actually happens.

What has to be done is to allow the 43 per cent. on the first £40,000 to all companies so that the 68 per cent. band becomes unnecessary, and this very positive disincentive to growth removed. David Brooks, Greenways, The Drive, Belmont, Surrey.

COMPANY MEETINGS
Drayton Consolidated Trust, 117, Old Broad Street, E.C. 4, Wed. 11.30 a.m.
E.C. 11.
OPERA
Royal Opera production of Maria Stuarda, Covent Garden, W.C. 2, 7.30 p.m.
English National Opera perform Orpheus in the Underworld, Coliseum Theatre, W.C. 2, 7.30 p.m.
D'Oyly Carte Company in Solenne, Sadler's Wells Theatre, E.C. 1, 7.30 p.m.

To-day's Events

GENERAL
Steel unions begin local negotiations on closure of BSC's Hartlepool plant and compensation for voluntary redundancies.
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Initial problem solved

From Mr. R. Bruce Lockhart.
Sir.—Last Christmas you were kind enough to publish details of my M3 experiences and to unreservedly OFT problem relating to IFM. Twelve months have passed and yet this CEIAC memorandum is still unresolved. Your any ADL and R2L2 readers who have expressed their concern to me will be relieved to learn that the IDA debt ruled out solution within NBHS guidelines.

During 1977 I have, therefore, attended several seminars at which INI and IFO were prominently involved (see the AP-DJ report on the AFL-CIO connection). After the abortive CARLIM and PFOE joint seminar in the summer, I took a VLCC with AFRC to the USA. My views from ASRY—not to be confused with ASRYMAR, opping en route for a PCI conference in Rome, I ran into a rarer colleague from FFI who d just flown in from Japan, member of CEGB and ITC. He was quite convinced that A. Tokyo, could unravel the riddle knot.

I am sure, Sir, that you will do some my refusal to countenance such a suggestion. After all, did not MAS, Singapore, and A. Washington, abandon such ideas several years ago? Even in BISFA propaganda took the line. It failed against the combined opposition of SEC and IPTC.

Thinking the matter over while in Rome, it seemed to me that the same principles of employment as their bigger brethren" in asking this question Mr. Muller reveals his total failure to grasp the true options employers have. By contracting-in, an employer can provide just as good benefits for his employees as he could by contracting-out. The difference is simply that in the former case he is purchasing a larger part of the total from the State. The UDT subsidiary could recover monies lent from Mr. Kirkwood's company. If, alternatively, the UDT subsidiary was not a banker, no recovery of monies lent could be made as was an unregistered money lender. The Court of Appeal ruled on the facts of the case that the UDT subsidiary was bona fide carrying on the business of banking.

Lord Denning quoted with approval from Page's Law of Banking as follows: "No one and nobody, corporate or otherwise, can be a 'banker' who does not: (i) take current accounts; (ii) pay cheques drawn on himself; (iii) collect cheques for his customers."

This is the basis of the Inland Revenue statement. It should, however, be borne in mind that it is the actual facts of the conduct of the business which determine whether a business is a bank or not. It is extremely unlikely that the example provided by Mr. Travers would qualify.

The Revenue has to be satisfied that a banking business is being carried on. It is in fact quite difficult to obtain the Inland Revenue's approval. If approval is denied, there seems to be no appeals machinery. J. A. Newnham, 21, Mincing Lane, E.C. 3.

Votes in the PRS.
From Mr. J. J. Freegord.
Sir.—It would appear from Mr. LITTLEWOOD'S letter (December 12) that his own option of corporate "democracy" for the Performing Right Society would roughly amount to a £100,000 holder in ICI being accorded equal voting rights with the major institutions. The capital of PRS consists of its composer and publisher mem-

bers' musical works. The new voting system, which was announced in detail as long ago as last May and which at the Open Forum evidently found favour with everyone present except Mr. Lytleton, gives 50 per cent. of the total voting rights to the members whose works earn 80 per cent. of the Society's income. At the same time, the number of voting members has been more than quadrupled from its previous level, and it is now possible for a new member to qualify for a vote after only one year of provisional membership in which his works earned, on average, as little as £3 a week.

Over the past ten years the professional composers and song-writers who rely on the PRS for their livelihood have willingly thrown open the Society's doors to a great multitude of amateur and semi-professional "hopefuls," some of whom have written only one work which has been published or recorded. Last year more than 20 per cent. of the Society's members earned no royalties at all—their works were, alas, unperformed. Another 40 per cent. earned amounts up to £1 per week, and less than 10 per cent. of all the Society's writer-members were fortunate enough to have their works performed to the extent that they earned £20 per week or more.

At the annual general meeting in June, after Mr. Lytleton (who was then a non-voting member) had been given a special opportunity to speak, his resolution ceiling for an independent review of the Society's bank without trace when it failed to find a second. This despite the fact that, before the meeting, he had willingly agreed to circulate two lengthy statements by Mr. Lytleton to all the voting members, and after Mr. Lytleton had untrillingly canvassed, by letter and telephone, many of the Society's most eminent and influential composers and song-writers.

M. J. Freegard, General Manager, The Performing Right Society, 29-33, Berners Street, London, W.1.

Defining a bank

From Mr. J. Neuman.
Sir.—I refer to Mr. Travers' letter of December 9 and Margaret Reid's article of December 21.

The main advantages of being recognised as bank by the Board of Inland Revenue for the purposes of the Income and Corporation Taxes Act 1970, come from the ability of the bank to pay interest without deduction of income tax and for customers to pay interest to the bank, similarly without deduction of income tax. The Inland Revenue position is as stated in Mr. Travers' letter but I feel he has drawn the wrong conclusion.

To carry out the full range of banking business the Board of Inland Revenue takes account of the definitions of the word "bank" which have arisen in the Courts. The principal recent decision on which they place reliance is United Dominions Trust v. Kirkwood (1986) 2 Q.B. 431. Here Mr. Kirkwood owned a company which had borrowed money from a subsidiary of UDT. This subsidiary was not registered under the Money Lenders Act of 1900. If this subsidiary were a banker, no recovery of monies lent could be made as was an unregistered money lender. The Court of Appeal ruled on the facts of the case that the UDT subsidiary was bona fide carrying on the business of banking.

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Desperate search.
From Mr. Colin Vines.
Sir.—Many readers will have studied your Motoring Correspondent's opinion of the Morris Marina 1.3 estate (November 26). He said it had much in common with the old Minor 1000. Thousands of people have desperately sought for a replacement for the 1000 and the Morris Traveller since manufacture ceased.

The Marina 1.3 estate sounded like the transport for the family. So the question, until I read Mr. Marshall's article, was should we get one?

The answer is no. After extolling the Marina 1.3's virtues, your correspondent seemed to me to demolish it in one sentence. He said it (a new car) did around 28 mpg to the gallon, around 24 mpg in snow, and up to 33 mpg in summer. For chaps like me this is utterly absurd. Our decrepit old Traveller did 38 mpg. Our replacement, a second-hand Datsun 120 estate, which seems to be the same size as the Traveller and to perform similarly, and in which I find much to dislike exceedingly, does (as I checked after reading Mr. Marshall's article), in this chilly

weather, and in town driving, and at a mileage of 65,418, 112.3 miles divided by 3.03 gallons, that is to say 37 miles per gallon.

Or maybe I have it wrong? The Mini Estate is too small for the Marina for too thirsty. Has British Leyland some other replacement for our old Traveller, or have they left the field of Traveller and Morris Minor to others? Colin Vines, 43, Embercourt Road, Thames Ditton, Surrey.

Contracting in or out.
From the Chairman, Morlin Paterson Associates.
Sir.—In his letter (December 14) about the national motor industry pension plan Mr. Muller clearly implies that contracting-in is necessarily a bad decision. He goes on to ask "Why should employers of 20 per cent. of the working population be denied equal opportunity to provide the same privileges of employment as their bigger brethren?" In asking this question Mr. Muller reveals his total failure to grasp the true options employers have. By contracting-in, an employer can provide just as good benefits for his employees as he could by contracting-out. The difference is simply that in the former case he is purchasing a larger part of the total from the State. The UDT subsidiary could recover monies lent from Mr. Kirkwood's company. If, alternatively, the UDT subsidiary was not a banker, no recovery of monies lent could be made as was an unregistered money lender. The Court of Appeal ruled on the facts of the case that the UDT subsidiary was bona fide carrying on the business of banking.

Letters to the Editor

profession's awareness that the historic cost basis does not truly reflect the performance of a business, and that so far there is not a satisfactory solution to the problem.

This, however, only concerns a system for monitoring the (downward) trend of an enterprise; my concern is the lack of recognition and implementation of the actual costing, pricing and day-to-day running by it. It would appear, 90 per cent. of management. Do they regard the discussions, debates and decisions of the past four years as purely academic; are they prevented from operating a truly profitable system by Inland Revenue or other government department strictures; or are they unaware of the implications of a mark-up lower than their replacement costs and of a true profit lower than their tax assessment?

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A caring society

F. C. F. Valentine.
Sir.—At the risk of provoking a rather unbecoming controversy, I should like to call for attention to the medical profession on the implications of the supposed fallow behind of the U.K. in the infant mortality league—as quoted by J. Rogaly in his review of Social Trends (December 20).

This trend has been noted for some years now, but how realistic is this situation in terms of (i) the viability of the newly-born, with all their facilities, and (ii) an efficient use of scarce medical resources in intensive care units.

Should we really be worried by these figures, or are they really another example of keeping up with the Joneses, in another form of such a race, and spending, regardless of cost or thought? F. C. F. Valentine, 5, Mont Lane, Sedlescombe, Nr. Battle, East Sussex

Disincentive to growth.
From Mr. D. Brooks.
Sir.—Mr. Cole (December 10) says that the effect of corporation tax bands of 43 per cent. to £40,000 and 68 per cent. on the next £25,000 is the same as 82 per cent. on £65,000. It is because this misconception is so

widely held that I originally drew attention to the point. Consider a company with £400,000 turnover earning £40,000 profit, £23,200 after tax, deciding whether or not to embark on £250,000 turnover expansion. On the £400,000 there will be debtors of say eight weeks £70,000, and for next year that will call for £70,000 more just to finance inflation of 10 per cent. on the debtors, let alone other costs of doing business, leaving say £18,000 retained earnings. On the new business debtors will be only £18,000 (eight weeks on £250,000) and earnings will be £25,000 less not undertake the expansion and

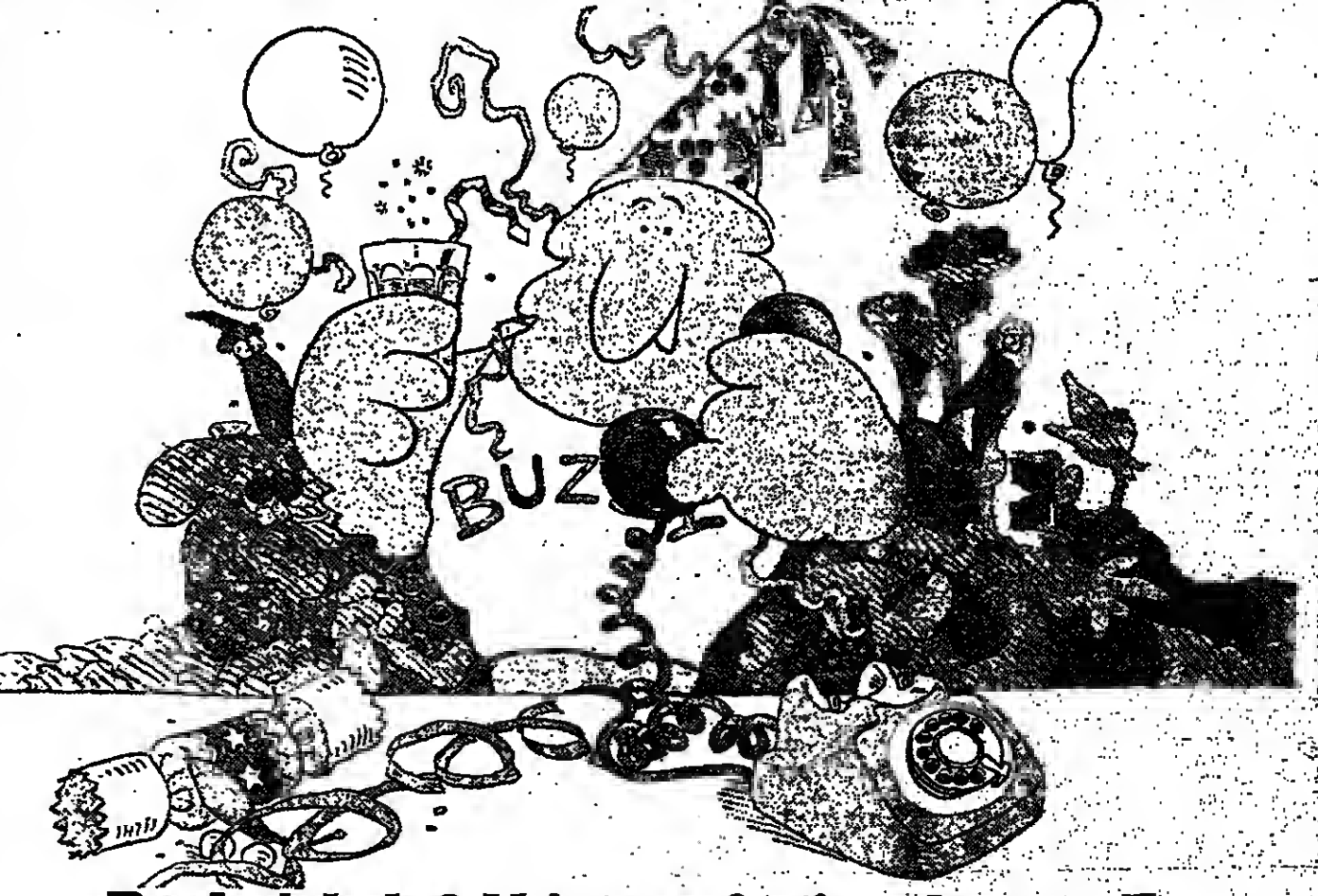
job are lost. Had the average corporation tax rate been applied the retained after tax earnings would be 50 per cent. higher at £12,000; and this is the difference between thinking about averages as against what actually happens.

What has to be done is to allow the 43 per cent. on the first £40,000 to all companies so that the 68 per cent. band becomes unnecessary, and this very positive disincentive to growth removed. David Brooks, Greenways, The Drive, Belmont, Surrey.

COMPANY MEETINGS
Drayton Consolidated Trust, 117, Old Broad Street, E.C. 4, Wed. 11.30 a.m.
E.C. 11.
OPERA
Royal Opera production of Maria Stuarda, Covent Garden, W.C. 2, 7.30 p.m.
English National Opera perform Orpheus in the Underworld, Coliseum Theatre, W.C. 2, 7.30 p.m.
D'Oyly Carte Company in Solenne, Sadler's Wells Theatre, E.C. 1, 7.30 p.m.

To-day's Events

GENERAL
Steel unions begin local negotiations on closure of BSC's Hartlepool plant and compensation for voluntary redundancies.
COMPANY MEETINGS
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OPERA
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Buzby's helpful hints on festive phone calls and telegrams to nearest and dearest

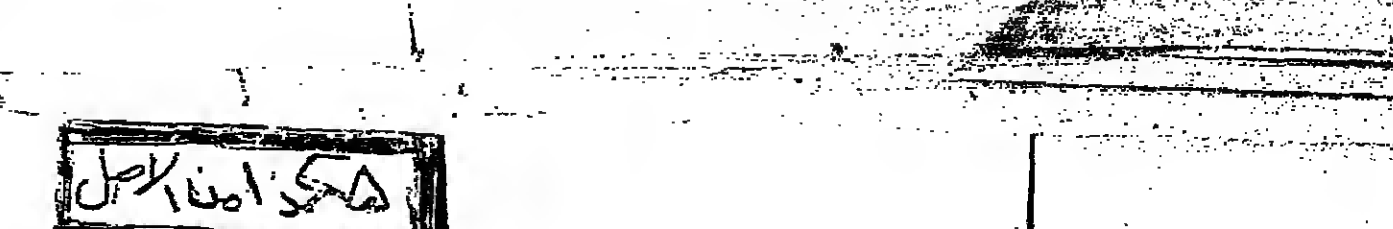
"I'm phoning all the people I'm not seeing over the holiday to wish them a Merry Christmas and a Happy New Year. After all, it's Cheap Rate on Christmas Day, Boxing Day (except in Scotland), and New Year's Day. However, I'm going to bear in mind that on Christmas Day (New Year's Day

in Scotland) a lot of the operators will be with their families and services will be restricted. I've noted the various arrangements you can see below and I'll also make sure I've got any information I need from Directory Enquiries well before the holiday."

INLAND TELEGRAMS			
Inland Telegrams can be accepted by telephone at any time during the holiday but delivery will be limited as below.			
To addresses in England, Wales, N. Ireland, Isle of Man and Channel Isles	Dec 25	Dec 26	Dec 27
	Life & Death only	Life & Death only	Public Holiday service
To addresses in Scotland	Life & Death only	Life & Death only	Sunday service
To addresses in England, Wales, N. Ireland, Isle of Man and Channel Isles	Sunday	Public Holiday service	Normal Service (Ile of Man a.m. only)
To addresses in Scotland	Life & Death only	Sunday	Sunday service
Telegrams to be delivered on days when there is a Public Holiday or Sunday service must be handed in by 9 a.m. on those days. For telegrams to the Irish Republic please check with the telegram operator.			

"I think it's a good idea to cut these panels out and pin them up somewhere to remind you of what's happening."

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BOOKS

Rustic joys BY C. P. SNOW

A remarkable number of Mr. Robinson's ancestors appear to have been blacksmiths, as his maternal grandfather was. This grandfather was a calculating, mercenary, ambitious and able man. He was determined to become a farmer and employ agricultural labourers himself. This he did, saving every penny, stunting his family, driving his brood of children to work on the land, and working these like a labourer himself. He was a man of stark character and ended by owning 500 acres.

It is from such people that Mr. Robinson constructs his picture of rural Lincolnshire, largely in the boyhood of his of the vicar's uncle who was born in 1833. Uncle Henry was a very able man, who with passionate effort managed to become a solicitor in the county town itself. It is important to get an accurate idea of the social structure of these families. They are a few other examples of farmers. When successful, they remained hardworking yeomen. Russians would have called them kulaks.

Mr. Robinson has produced his evocative uncle, who was born in 1833. Uncle Henry was a very able man, who with passionate effort managed to become a solicitor in the county town itself. It is important to get an accurate idea of the social structure of these families. They are a few other examples of farmers. When successful, they remained hardworking yeomen. Russians would have called them kulaks.

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These woodcuts of a wolf and wild bear are reproduced in "The Work of Jacques le Moyne de Meunier: A Huguenot Artist in France Florida and England" by Paul Hulton and others (British Museum Publications, two volumes, £5). In recent years fresh work by this sixteenth-century artist has come to light, and in addition to offering a comprehensive catalogue, these handsome volumes give a scholarly account of his life and interests and a translation of the texts of the works he illustrated.

Film-buff's booty BY NIGEL ANDREWS

Disney himself fascinating at all. The best part, predictably, is the rags-to-riches account of Disney's rise from a poorly paid newspaper and advertising cartoonist to the founder of the most successful "family entertainment" industry in the world. Virtually every first in the history of animation belongs to Disney: the first film to combine live and animated characters, the first synchronised sound cartoon, the first film in full Technicolor, the first feature cartoon.

Much of this pioneering work was done by Disney's own hand, but later, under pressure of success, he turned from artist to businessman and with that, I think, lost his claim to charisma. Certainly the book loses its charm at this transition point. But the new footage itself was often remarkable, and the book commemorates the achievements of Movietone's cameramen with some of their finest coups: the Hindenburg disaster, the assassination of King Alexander of Yugoslavia, the attack on Pearl Harbor. The book's author has not, alas, resisted the temptation to append excerpts from the original commentaries to the stills so that in 1941 we are rib-ticklingly told, "Londoners are still dancing. The slogan is 'Care your gas mask' so the dance becomes a masked ball, but it's fun for the brave English." But if you can stomach the presentation, the material itself is compelling.

Finally, no cinephile should be without Leslie Halliwell's *Filmgoer's Companion*, now reissued in its 6th edition. There are larger, more thoughtful dictionaries of the cinema about, but none so convenient for ready-to-hand reference. Halliwell's only fault is his cinematic xenophobia. There is saturation coverage of the British and American film industries, but only a trickle of information about foreign cinema (no *Ousmane Sembene*? no *Glauber Rocha*?). But no book of reference can be all things to all men, and on its show business, seem a small, bawdy incestuous world: a unipolar of colliding stars in which

Cooke's recipe

BY WILLIAM D. SHOLTO

Str Men by Alistair Cooke. Bodley Head. £4.95. 207 pages.

I first encountered Mr. Cooke in what now seems a bygone age. There was no television, no welfare state, few cars on the roads and men's class could still be determined by their heads. More significantly, we still thought Britain was a Great Power, although the Nazis had conquered all Europe from the Pyrenees to central Russia, from Narvik to Athens.

In Britain we had two consolations: the BBC and the radio. News was almost as scarce as food. The paper shortage had reduced most dailies to four or five pages, or a single sheet folded down the middle. We learned less about what was happening since I learned his profession. The character—with the exception of H. L. Menck—was not from cinema and broadcast casting. Home news seemed confined to things like rationing, salvaging waste paper, the Women's Land Army, midday concerts for the forces and, of course, Dad's Army. BBC radio assumed the role that television bands since fulfilled. The dance bands played songs of praise to the Red Army and told us it would be a lovely day to-morrow. We just had to believe them.

Two BBC foreign correspondents at that time made a deep impression. They were Alexander Werth in Moscow and Alistair Cooke in New York. Cooke had an engaging style. He would invariably focus attention on some apparently trivial incident and consider its implications in a far weightier context. He would often seem to be sitting on the fence, but by the end of his discursive chat you suddenly discovered that your mind had been made up for you. Cooke's recipe has not changed over the years. Nor has his style and his truly mid-Atlantic identity—a Mancunian who has adopted U.S. citizenship. The six or seven whom he writes contemptuously like a list of three Americans—Humphrey Bogart, Adlai Stevenson and H. L. Menck—and three Englishmen—Edward VIII, Lord Russell and Charlie Chaplin, who like Cooke made America his home.

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Shows and novices

STUART ALEXANDER

Show: an Illustrated History of the Show and its World by Mford Hawkins. Nautical Publishing Company. £18.50, 3 pages.

By David Howarth. Nautical Books. £8.50, 150 pages.

Yachting Offshore: The Art of Seamanship by John Sells. David and Charles in the Royal Yachting Association. £3.95, 136 pages.

Sailing by Peter Copley. V Books/Arrow. £1.25, 128 pages.

More Boating. Various Contributors. Mitchell Beazley. 195, 280 pages.

A picture of an Arab dhow peacefully home across the sea. It is a Nile sunset is to imagine by even those who are otherwise unfamiliar with these strange and ancient dhows. However, a wider range than this. About the Middle East are found in one form or another in India, and parts of Africa.

His book *The Dhow: an Illustrated History of the Dhow* is a World Clifford Hawkins in the ropes of history in an authoritative and relevant record. It describes in loving detail

and with meticulous care the various branches of this vessel's evolution. The price is a little high, but the large, expensive book has 120 black and white illustrations and 12 pages of colour-plates.

It is not, however, for the dilettante. Mr. Hawkins takes his work seriously and has obviously tried to produce a book that will last.

For those who enjoy poring over detail and want to refer to the history of dhows the high price will be money well spent; but the reader is expected to do almost as much work as the author.

However, no less appealing is a similar book by David Howarth. Although under half the price it is better illustrated and more readable. It is not so lavishly printed, but provides a very acceptable record of these anachronistic sailing vessels.

There are now innumerable books telling you how to start sailing, how to improve your sailing, how to cope with the problems of sailing. Most of them are rather schoolmasterly in tone, perhaps because old-fashioned disciplines still operate on boats and there is a complicated mixture of different skills to be mastered.

There are so many do's and don'ts that the average reader could be forgiven for thinking

there is no time for fun. And there is no substitute for personal experience, even if it means learning the hard way. My three remaining books have the advantage of being uncluttered. John Russell takes an eminently sensible look at life aboard for both the novice and the more experienced crew. His chapters are clear, logical and he does not hesitate to remind the skippers that he has responsibilities to his crew.

Peter Copley looks at dinghy sailing for the novice. His excellent paperback is carefully illustrated with both diagrams and photographs and is a first class guide to anyone wishing to take up the sport.

But most comprehensive by far is the encyclopaedic *Pleasure Boating*. It brings together an impressive line-up of contributors, all experts in their own field. In a large book that is both manageable and impressive. It is well illustrated and eminently readable, although the type size is small.

Covering every aspect of boat building, handling, navigation and maintenance it should be of value to both the novice and experienced yachtsman. It is a book that is highly recommended.

At the end of the day, however, you will still have to be prepared to get wet.

Leathmanship goes on tour BY ARTHUR SANDLES

to send people rushing off to the straits.

It might, however, send them scampering for their history books. For what Edward Heath clearly displays is that he is a diarist of some enthusiasm, hoarding notes, photographs and memories for use on a later date.

Reflecting a life dotted with so many places and peoples, this latest Heath effort cannot fail to be interesting. In spite of the author's patent unwillingness to recall, or at least retell, emotion or trivia, surely the two bulwarks of a good read. The great Heath ability is to tell a story simply and logically, giving the impression of unerring accuracy and of painstaking research and recollection. The pictures he conveys are gripping, thanks more to the accuracy of his style than his artistry.

And on this occasion what he has done is to draw upon his splendid source material. His travels in the Middle East during the frenetic political years of the '60s; his meetings with American leaders while he was Britain's Premier (the U.S.

Teacup tales BY SARAH PRESTON

Angela Thirkell: Portrait of a lady novelist by Margot Strickland. Duckworth, £3.95, 182 pages.

"What I should like to do when I leave is to tell everyone exactly what I think of them," wrote Angela Thirkell from a nursing home shortly before she died. In fact, she had more or less been doing that for 30 years, putting in her novels not only her views on society but describing in cruel detail the people she met.

Mrs. Thirkell thought one particular week-end house-party was so inspired by the way and later so inspired by the way a member of her household was portrayed to an Australian novelist that she bought up and destroyed all the copies of the book that she could find. Her action probably pleased the author since she began writing to keep herself after the break-down in 1929 of her second marriage to an Australian, Graham Thirkell, and long after her financial worries were over she was jealously protected her pecuniary interests.

The daughter of the classical scholar Dr. J. W. Mackail, and

Madhouse saga

BY JOHN DUNSTAN

Bethlam Hospital, Moorfields, was founded in 1247 as a primary taking in the mad poor of the centuries that followed. Masters, its existence was vital. Had its mistakes and successes not been documented, the condition of the insane might be worse today.

Now, he contends, along with a thousand advances bureaucracy and "institutionalisation" await the mental patient, who, once inside the system, still has no chance. The mentally ill are the largest unliberated group in our society.

Another, modern Pinel is needed, the author seems to be saying, to strike the chains from the minds and bodies of the afflicted.

A HISTORY OF RHODESIA

ROBERT BLAKE

"A scholarly and at the same time intensely readable book... masterly Economist."

"Scrupulously professional account... a remarkable achievement... as dispassionate account it will be invaluable" *The Times*.

"It is rare indeed that a great historical subject finds a great historian but Rhodesia has made just such a happy match with Lord Blake's Spectator."

450 pages £12.50

Loose reins BY MICHAEL THOMPSON-NOEL

Of all the coffee-table tomes that roll from the presses each Christmas, few are as handsome and few are as heavy as those devoted to the great outdoors and the hunting and equestrian scenes.

Top of this year's list is easily *The Book of Hunting*, edited by Ruth Bucher and Norman Galt (Paddington Press, £25.00), a sumptuous 320-page celebration of its subject which is none the less sensitive enough to go down as the first and only book on hunting to have earned a chapter contributed by the World Wildlife Fund explaining how hunter and conservationist can pool their resources for the benefit of all wildlife. The text is informed and the photographs and illustrations—more than 1,500 of them—superb.

Equus: The Creation of A Horse by Robert Vavra (Collins, £3.50) is the sort of present, no doubt that Master Peter Phillips will be inundated with at Getcombe Park: a lavishly pictorial study of thoroughbreds, Arab, quarter horses, Lipizzaners and Andalusians—perfect for the Pony Club tombola.

Irish Horses by Hans Dessenbach (Grands Publishing, £10.00) is a comprehensive enough study of the land and the people, and Bloodstock by James Gill (Eim Tree Books, £8.95) traces the international history of racehorse breeding in Europe and America.

Michael Seth-Smith is one of the most prolific authors in this field, and in *Steeplechasing and Foxhunting* (New English Library, £8.95) he brings the two sports together with suitable help from Henry Aiken, the Hettings and Thetwell.

For sport in general there is *The Sporting Year*, a new anthology edited by John Rhodes and Clifford Makins (Collins, £4.95) that strives to encapsulate the sporting year via the best of Fleet Street writing. Most journalism is as dead as a doorpost a week after publication, but this provides a welcome recap of events, with writers like Hugh McIlvanney, Chris Brasher, Brian Glanville and Frank Keating—as well as the FT's own Trevor Bailey writing from Melbourne—at or near their best.

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- COMPANY CHARITABLE GIVING—a guide for corporate donors.
- CHARITY CREDITS—an explanatory leaflet.
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INTERNATIONAL FINANCIAL AND COMPANY NEWS

ITALIAN NEWS

State cash injections

BY DOMINICK J. COYLE
ROME, Dec. 22.
THE HARD-pressed minority Christian Democrat government of Sig. Giulio Andreotti, which has little prospect of a happy New Year, was scheduled to approve here later to-night a 250m. Christmas handout so that a number of important companies could meet December salaries and their workers' traditional 13th month holiday bonus.

Alitalia sees surplus

BY OUR OWN CORRESPONDENT
ROME, Dec. 22.

ALITALIA, the Italian national airline which is part of the giant state holding group IRI, is forecasting an operating surplus of some 1,100m. (just over 16m. for the current year, following 1976 losses of 1,400m. The 1977 surplus, if confirmed when the full year's accounts are available, would give Alitalia its first profitable year since the 1973 oil crisis, and the airline's directors are even more bullish about the prospects for next year.

ENI the Siste oil group and IRI state industrial holding company, announced the consolidation of a holding company within ENI group to manage public sector shareholdings in Montedison SPA, reports Reuter from Rome. The new company, Sogem, is an essential step in plans to restructure Montedison.

The agreement covers a figure of 1,400m. and union sources were confident that the formal decree would be approved without delay, almost certainly at a

ROME, Dec. 22.

labour confederations have already threatened to call a national strike on a date to be decided by next month. It is accepted generally here that Andreotti's Government in its present form may not be able to survive such an open confrontation with the unions.

MONTEFIBRE SPA losses continued this autumn but they are not estimated to have risen so high as to force immediate capital measures to cover them, chairman Sig. Antonio Belloni told shareholders in Milan reports Reuter.

Government guarantees loan for Kockums

By William Dullforce
STOCKHOLM, Dec. 22.

THE GOVERNMENT to-day decided to guarantee a Kr600m. (88.5m.) loan for Kockums, the last major Swedish shipbuilding concern in private hands. The loan will enable Kockums to build a second LNG tanker on its own account.

In return the company has agreed to participate in the analysis of the future of the Swedish shipyards currently being conducted by a government committee and which so far has concerned only the yards now collected under Svenska Varv, the new state shipbuilding concern.

Kockums reported a pre-tax loss of Kr82m. for the first eight months of this year and forecast a final 1977 loss of around Kr100m. The shipyard was still showing a profit but the group's shipping company has been running at a heavy loss. It has had to take over tankers built at the yard and to which Kockums has had to take a part interest but for which no freight is available.

The prospects of selling the gas tankers depend very much on whether or not President Carter gives a go-ahead next year for two projects for the export of liquefied gas in the U.S. Mr. Nils-Hugo Hallenberg, Kockums' managing director, expressed satisfaction with the government decision to-day but warned that his company would be seeking a similar guarantee in connection with construction of a third LNG ship.

DOW CHEMICAL

Merszei makes light of the gloom

BY KEVIN DONE, CHEMICALS CORRESPONDENT

IN THE midst of the general gloom that has descended on the West European chemical industry in recent months, Mr. Zoltan Merszei, president and chief executive of Dow Chemical, appears as a ray of beaming optimism.

"Much of the excess capacity in the minds of people," he confidently declared on a rare visit to London. "They include all the things that are coming on stream in the future, not those that are on stream at the moment."

In recent years Merszei has had good reason to be confident. For the past three years Dow, one of the leading U.S. multinational chemical companies, has consistently produced better profits than all its competitors.

That record was maintained even in the recession years of 1975 and 1976, but inevitably this year Dow has been hit by lower sales growth rates, and net profits in the third quarter fell by 13.4 per cent. For the first nine months of the year this was sufficient to bring earnings to a level 2.6 per cent. below that of a year earlier.

He remains convinced that prospects are far more rosy than the picture most heads of the industry in Western Europe have recently described. Merszei spent 21 years in Europe with Dow and was one of the chief people responsible for building up that part of the world.

"I don't remember a year when they did not talk gloom," he says now. "Before I came I was told 'Zoltan, they are

going to murder you there. You are going into the lion's den, the cradle of chemistry.' The gloom and glooms are no different now only the people perhaps. I don't remember when Montedison (the financially troubled Italian state chemical company) did not have a had year."

Merszei is not a man who appears open to many doubts, overcapacity and price, but says this is restricted to particular sectors. "There are hundreds of performance products where the situation is very different. You don't have the surpluses or the competitors. You only need a little spark in the economy and the surplus is gone away."

Dow practices in recent years has been to build plants even

overcapacity and price, but says this is restricted to particular sectors. "There are hundreds of performance products where the situation is very different. You don't have the surpluses or the competitors. You only need a little spark in the economy and the surplus is gone away."

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Dow Chemical company has arranged a \$150m. block credit, available until 1986, with an international banking consortium, according to the manager, Norddeutsche Landesbank Girozentrale. Interest rates were not given. Reuter, Hanover.

8 per cent, said Mr. Merszei. This has fallen below previous ambitions which had been a growth of 10 per cent. a year, and in 1978 he again expects level to be at about 8 per cent. "I think 1978 is going to be the last tough year for the chemical industry. By the end of the year capacity will be completely out of phase with demand. But there may be one exception in ethylene."

Merszei has his priorities expansion around the world despite the British Government's attempts to expound the fits for the chemical nations of expanding petrochemical operations in the United Kingdom. It appears to play little role in his thinking. He believes conditions are not clear for foreign chemical companies to invest in Britain in basic chemical capacity, and that the U.K. Government's role of central control North Sea oil and gas feeds into it. Instead, Dow stresses firmly turned towards the producers of the Middle East, instead of Europe. Two discussions have started again with Iran about a project based around an ethylene cracker. But this will be a definite second stage. Dow plans for an \$800m. investment in Arabia. This project would build a 500,000 tonnes ethylene cracker along with a polyethylene plant and a styrene plant. All that is left to do at the moment is to get the feedstock

Thyssen Edelstahl out of red

BY GUY HAWTIN

FRANKFURT, Dec. 22.

THANKS TO recent rationalisation measures, Thyssen Edelstahl—the special steel-making subsidiary of Thyssen AG—made a profit last fiscal year. Without the programme to increase productivity and reduce overheads, 1976-77 would not have ended with the profit and loss account in the black, the group announced to-day.

A considerable improvement on the previous business year's DM1m. loss. In addition to rationalisation a useful contribution to earnings came from the programme to increase productivity and reduce overheads. There was an improvement both in turnover and profits in the hot acid rolled stainless steel pipe sector, as well as the special products branch. For example, the average price per tonne of rolled plate products had increased from 1975-76's DM3,500 per tonne to DM4,300 per tonne.

Since the end of this year, the group reports that the earnings situation has considerably deteriorated. However, Thyssen Edelstahl is hoping that the prices in the product sectors will move upwards during the course of 1977-78.

The turnover increase during 1976-77 was primarily a result of a heavy rise in export demand.

MEDIUM-TERM CREDITS

Spread for Spain dips under 1%

BY FRANCIS GHILES

SPAIN CONTINUES as a very active borrower. The Kingdom has just signed a \$300m. seven-year loan which carries a spread of 1 per cent. Lead manager of this loan is Compagnie Financiere de la Deutsche Bank. The loan marks the first time a Spanish borrower has broken the 1 per cent. spread over the inter-bank rate.

pany of Iran has just signed a loan of \$50m. for seven years on a spread of 1 per cent. Lead manager is Kuhn Loeb Lehman Brothers Int. There is no guarantee.

The same bank now has a mandate to raise \$18.5m. for ten years on a spread of 1 per cent. for the Malaysian International Shipping Company.

The terms for this loan, which are the lowest for a long time in the market, are explained by a particular feature of tax in Malaysia.

EUROMARKETS IN 1977

DM sector 27% of total

BY MARY CAMPBELL

THE BIG IMPACT of the D-mark and the German banks is the main feature of this year in the Eurobond market, as shown up in the first of the annual sets of statistics to be published. The analysis, by Kredietbank Luxembourg and Credit Lyonnais, says that over 27 per cent. of all issues were dominated in D-marks this year, up from 17 per cent. last year.

Deutsche Bank moved from fourth position in 1976 to first position. West Deutsche Landesbank moved from fifth to fourth. Dresdner from tenth to sixth and Commerzbank from ninth to eighth positions.

Despite the sharp fall off in dollar issues in the last quarter of this year, issues in the D-mark business did not affect the dollar's share of the total much—the dollar accounted for 64 per cent. of all issues this year, down from 66 per cent. last year. However, the Canadian dollar, which counted for 12 per cent. of all issues in 1976, did not rank mentioning this year.

As to which most countries borrowed most the main change between 1976 and 1977 thrown up in these figures is a sharp increase in Canadian borrowing—Banca Commerciale Italiana and from over 25 per cent. of the

AMERICAN NEWS

Chrysler plans shutdown as demand falls

BY JOHN WYLES

CHRYSLER CORPORATION again plans to close temporarily three of its six U.S. assembly plants next month because of sluggish passenger car sales.

Chrysler has already shut down plants for several days in November and December, but steadily rising stocks of various models have prompted the decision to close three of the plants for a week at a time in January.

The United States third largest auto maker is suffering partly from a lack of new models for the 1978 model year, compared to Ford and General Motors, and partly from an evident softening in passenger car sales which is fast calling into question optimistic predictions of record sales for the new model year.

Ford has already acknowledged that its autumn production that total domestic and import sales would reach 11m. units will have to be reduced

by about 100,000. GM's forecast was for 11.7m. and it is only a matter of time before the number one car maker acknowledges that there will almost certainly be a significant shortfall.

Chrysler will be officially marketing a new front-wheel drive small car, the Omni-Horizon, from January 15, which it hopes will restore some volume to its sales.

But its marketing problem with the Volare and Aspen models is now becoming acute with stocks climbing to 93 days' supply in the case of the Volare and 104 days for the Aspen.

Other models whose production will be halted are the Fargo (98 days' supply) and the Monaco (125 days). Normally the manufacturers aim for between 60 and 70 days' supply.

following a pause during summer. Restaurant activities had of over 50 per cent. in sale operating profit in both second quarter and six months the company said.

Revenue \$23.9m. Net profits 49.1m. Net per share 0.98

New growth at Gen. Mills

GENERAL MILLS Inc. said its package food volume in the second fiscal quarter ended November 27 was up 5 per cent. from a year earlier, while retail frozen seafoods and pizza had volume increases of more than 15 per cent., reports Reuter from Minneapolis.

General Mills said most of its major product lines showed renewed growth in deliveries

Standard Oil India record \$2.3bn. bid

A 1978 capital and operating budget of a record \$2.3bn. has been approved by the Board of Standard Oil Company (India) the parent company of an International Oil Company, Chairman, Mr. John Swearingen said next year planned spending was 23 per cent. higher than the \$1.9bn. capital and exploration expenditures estimated for 1977.

DOMESTIC BONDS

Two tranche German issue

BY JEFFREY BROWN

TWO NEW loans by the German Government are to go on sale next Thursday. Together they will raise DM1.4bn. on terms which reflect the vastly improved undertone of domestic bond market in Frankfurt.

The issue, which amounts to the first two tranche loan by the Federal Republic for some 12 months, is DM600m. of six-year paper and DM800m. of ten-year bonds. Terms are 5 1/2 per cent. for the former while the ten-year issue carries a coupon of 6 per cent. and is priced at 99 1/2—at which level it compares strikingly with the 99 1/2 on which the authorities only just managed to raise DM900m. at 6 per cent. in September.

At the moment, therefore, bond markets find themselves at the centre of a mid-renaissance. This partly due to the year-end and the traditional upsurge in institutional liquidity. But it is

also clear that the measures taken earlier this month by the Bundesbank to curb the inflow of foreign funds into Germany are having a beneficial side effect on local bond markets.

The embargo on overseas investment in short term bonds of two to four years in maturity has boosted only modestly foreign demand at the longer end of the market. But the reduction in interest rates—a full half point cut in the discount and Lombard rates—has at long last acted effectively to yield curve in Germany.

Call money in Frankfurt, which for most of this year has hovered around 4 per cent. compared to little more than 6 per cent. for 10-year money, has this coupon. Groupement Interprofessionnel de la Petite et Moyenne Entreprise which is looking for Frs.100m. over 15 years' at 11 per cent. and of Credit Foederer new loans are exactly in line d'Alsace et de Lorraine which may raise Frs.70m. on a similar forward earlier this week by the coupon and maturity.

Hoboken lifts payment

By David Buchan
BRUSSELS, Dec. 22.

METALLURGIE HOBOKEN Overpeit, the non-ferrous metal company, has announced higher dividend of B.Frs. (23.70) for 1976-77 compared with a B.Frs. 150 net dividend the previous year. Hoboken last year recorded a profit of B.Frs. 272m. (54.5m.) to-day that its better performance was primarily the result of a proved custom for its refinery at Olen, and also a up in demand for cobalt.

This has helped compensate for the very poor performance of its zinc refining activities. In addition, this year's harvest has been improved by sale of unwanted real estate.

ITT earnings hit

INTERNATIONAL TELEPHON AND TELEGRAPH Corp. said the decline in the value of the dollar on foreign exchange markets, particularly in Germany, will reduce per share earnings for 1977. Reuter from New York.

Capital & Counties Property Company Limited
SHARE REGISTRATION
Ravensbourne Registration Services Limited have been appointed Registrars of Capital & Counties Property Company Limited as from 1st January, 1978.

U.S.\$75,000,000
HYDROCARBONS BANK LIMITED
Floating rate notes due 1982
Irrevocably and unconditionally guaranteed by E.N.I.

Table with 3 columns: Value, No. of issues, Issues managed or co-managed. Lists various banks and their share of the market.

EUROBONDS
D-mark issues priced
BY MARY CAMPBELL
AFTER THE pricing of three more issues yesterday there are now only three issues (one dollar and two D-mark) on offer in the Eurobond market.

\$120,000,000
Uniroyal, Inc.
Promissory Notes due 1997
This announcement appears as a matter of record only.
The undersigned arranged for the private placement of the above Notes \$50,000,000 of which have been issued. The balance will be issued on April 17, 1978.

RA KOPPARBERG

Shedding the steel skin

BY WILLIAM DULFOURCE IN STOCKHOLM

KOPPARBERG Sweden's company trading its back to the 11th century... The special steel operation was the most labor intensive part of the group with labour costs amounting to 40 per cent of the sales value...

ment of Stora Kopparberg's special steel operation, sparked off by a request from its managers for a major new investment... The special steel operation was the most labor intensive part of the group with labour costs amounting to 40 per cent of the sales value...



Mr. Erik Sundblad

From SCA forests, thanks to more southerly location and faster growth... Stora Kopparberg can get almost half the raw material requirements of its manufacturing units from its own forests...

Sony helped to peaks by video tape recorders

BY YOKO SHIBATA

SONY CORPORATION recorded sales and profits for the fiscal year to October, helped by overseas selling and strong increase in the sales of video tape recorders... Sony did not put a figure on the exchange losses on its export business by the high exchange rate...

New Indian offer for Assam Frontier

BY KWONG SUKONG

KUALA LUMPUR, Dec. 22. A GROUP of Indian businessmen are reported to have entered the bid for Assam Frontier Tea Company, with an offer of \$5m... The sources who declined to reveal the identity of the new bidder said the offer was the reason for Sime's recent rejection of the \$4.25m cash offer by Wrengate, a private company in Manchester...

Paktank second half loss

BY MICHAEL VAN OS

PAKHOD's main subsidiary, a result, net group profits which rose \$14.431m in 1976 (F15.10.46 a share) from \$15.619m... The Board's statement added that there were no indications that there would be a turning point in the market situation in 1978, but the setback was still regarded to be of cyclical nature...

Nissan export plans

NISSAN MOTOR said it plans to export 123m vehicles in 1978, up 2.5 per cent from an estimated 120m this year...

Foreign companies are not discouraged by FERA

BY K. K. SHARMA

THE FOREIGN Exchange Regulation Act (FERA) under which foreign companies were asked by the government to dilute their equity holdings from a majority to 40 per cent has been in operation for four years... The bulk of the multi-nationals operating here are expanding their activities...

NOTICE OF REDEMPTION

to the holders of Debentures payable in United States Currency of the issue designated "9% Sinking Fund Debentures, due February 1, 1985" (herein called "Debentures") of THE CITY OF MONTREAL PROVINCE OF QUEBEC, CANADA... PUBLIC NOTICE IS HEREBY GIVEN that the City of Montreal intends to and will redeem for SINKING FUND PURPOSES on February 1, 1978, pursuant to the provisions of the Debentures, the following Debentures of the above-mentioned issue, at 100% of principal amount plus accrued interest to the redemption date, namely:

BANK OF AMERICA

AL TRUST AND SAVINGS ASSOCIATION

World Value of the Dollar

table below gives the latest available exchange for the U.S. dollar against currencies as on Wednesday, December 22, 1977... These exchange rates have been computed by Bank of America NT & SA's world-wide network of branches from various sources...

Table with columns: Currency, Value of DLR, Country, Currency, Value of DLR. Lists exchange rates for various countries like Australia, Canada, Europe, etc.

European sales by Singer

Singer announces the sale of Controls (Massachusetts) Inc. to BVM and Deutsche Controls GmbH, both European units of its controls operation, to Aktis Rustrif, Staalmontage, Copenhagen... The sale of the two units is part of the company's previously announced programme to dispose of non-core assets...

SELECTED EURODOLLAR BOND PRICES

Table with columns: Country, Currency, Value of DLR, Offer, Bid. Lists bond prices for various countries like Australia, Canada, Europe, etc.

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WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Rally extended in active early trade \$ improves

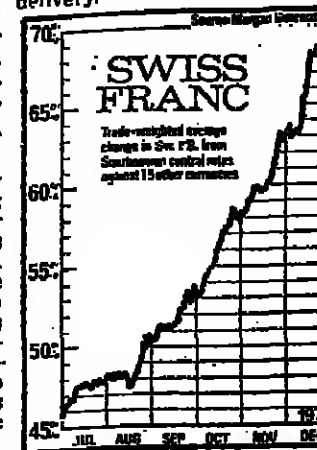
STOCKS ON Wall Street extended Wednesday's rally in active early trading today, as traders were encouraged by President Carter's assurances late yesterday that the U.S. will intervene in Foreign Exchange markets to counter disorderly conditions.

issues Minnesota Mining rose 51 to \$48.5. Eastman Kodak \$4 to \$30.1. General Motors \$3 to \$33.2. and IBM \$1 to \$287.1.

Oil and Gas related issues advanced sharply, with Superior Oil rising \$4 to \$232. Getty Oil \$1 to \$170.7, and Hughes Tool \$1 to \$25.

The Dow Jones Industrial Average, up 1.7 yesterday, registered a further improvement of 5 1/2 at 819.65 at 1 p.m. The NYSE Closing prices and market reports were not available for this edition.

livery and was unchanged at 351 cent. for international delivery.



Other Markets: All Common Index was 32 cents higher at \$31.73, while advancing issues led declines by a nine-to-four margin.

Canada up again: Oil issues continued to lead Canadian Stock Markets forward in moderate early trading yesterday.

Other Markets: American Medicor, the leading active, jumped \$3, to \$19 1/2. TYVA is offering to acquire the company at \$20 per share.

FOREIGN EXCHANGES: The pound opened at \$1.8200, but fell to \$1.8750-8000 as the dollar improved.

OTHER MARKETS: Argentina, 100.00-100.00; Australia, 1.5340-1.5340; Brazil, 22.78-22.78.

WEDNESDAY'S ACTIVE STOCKS: Stocks showing change traded active.

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Indices

Table with columns for Dec 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1, 1977, and Since Completion.

N.Y.S.E. ALL COMMON

Table with columns for Dec 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1, 1977, and Since Completion.

Rises and Falls

Table with columns for Dec 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1, 1977, and Since Completion.

EXCHANGE CROSS-RATES

Table with columns for Dec 22, Frankfurt, New York, Paris, Brussels, London, Amsterdam, Zurich.

EURO-CURRENCY INTEREST RATES

Table with columns for Dec 22, Sterling, Canadian Dollar, U.S. Dollar, Dutch Guilder, Swiss Franc, West German Mark.

STANDARD AND POORS

Table with columns for Dec 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1, 1977, and Since Completion.

MONTREAL

Table with columns for Dec 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1, 1977, and Since Completion.

TORONTO

Table with columns for Dec 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1, 1977, and Since Completion.

JOHANNESBURG

Table with columns for Dec 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1, 1977, and Since Completion.

OSLO

Table with columns for Dec 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1, 1977, and Since Completion.

OVERSEAS SHARE INFORMATION

NEW YORK

Large table listing various New York stocks with columns for Stock, Dec 21, Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, 1977, and Since Completion.

CANADA

Large table listing various Canadian stocks with columns for Stock, Dec 21, Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, 1977, and Since Completion.

AMSTERDAM

Large table listing various Amsterdam stocks with columns for Stock, Dec 21, Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, 1977, and Since Completion.

BRUSSELS/LUXEMBOURG

Large table listing various Brussels/Luxembourg stocks with columns for Stock, Dec 21, Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, 1977, and Since Completion.

PARIS

Large table listing various Paris stocks with columns for Stock, Dec 21, Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, 1977, and Since Completion.

STOCKHOLM

Table listing various Stockholm stocks with columns for Stock, Dec 21, Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, 1977, and Since Completion.



FARMING AND RAW MATERIALS

Sweden and Russia sign fishing pact

By William Dufforce

STOCKHOLM, Dec. 22. SWEDEN AND THE Soviet Union today signed a Baltic fishing agreement, leaving the door open for future negotiations on the disputed area east of the island of Gotland. The pact allows the two countries to share a maritime dividing line between the two countries about 100 nautical miles from the Swedish coast, while the Swedes get the area to the east of Gotland.

The agreement allows Swedish fishermen to fish in a 100-mile zone to the east of the island, while the Russians have the right to fish in a 100-mile zone to the west of the island.

The pact is a significant step towards resolving the long-standing dispute over fishing rights in the Baltic Sea. It is expected to be ratified by both governments in the coming weeks.

Franco-Irish lamb deal causes anger in U.K.

BY OUR COMMODITIES STAFF

THERE WAS A furious reaction yesterday from Mr. John Silkin, Minister of Agriculture, to an announcement in Dublin of a deal negotiated between the Irish and French Governments under which Irish lamb exports will be allowed into France in unlimited quantities, free of duty, with effect from January 1.

Mr. Silkin said he had already made it clear that he was totally opposed to any bilateral agreement which would discriminate against Britain.

"The U.K. was not consulted by either the Irish or French Governments during the negotiation of this agreement, although the U.K. has continued to press both Governments for information on their intentions," he said.

Sir Henry Plumb, president of the National Farmers' Union, also reacted strongly. He said: "This discriminatory action against U.K. lamb producers is perhaps the most blatant refusal by individual member countries to abide by the terms of the Rome Treaty since the eyes of the U.K. Government."

It would seem that the French action is a tactic to prevent the Irish from pressing further for an EEC sheep meat regulation which could subject the highest cost of Irish sheep to competition from both Ireland and the U.K. Irish traders believed that Irish lamb planned to send a trial shipment to France after January 1 and that compliance to the European court if they were imposed.

"The U.K. wants the best of both worlds," said Mr. Rea. "If Britain wants to rock the boat about our lamb deal with France, there are several ways in which we can retaliate."

John Cherrington writes: British farmers who also have their eye on the French market will be infuriated by the news. Their anger will hardly be calmed by the report that the French Government would be prepared to admit British lamb on the same terms, on condition that New Zealand lamb is effectively barred from competing in the British market. This is completely out of the question in the eyes of the U.K. Government.

Spot cocoa premium collapses

By Our Commodities Staff

COCOA FOR spot December delivery on the London terminal market fell dramatically yesterday, after the tendering of 10 lots of Ivory Coast cocoa against the spot month.

The decline was also encouraged by the raising of the minimum December deposit rate from £4,000 to £10,000 a lot.

December cocoa closed £132 lower and 100 points, but more distant positions were only marginally lower.

Dealers pointed out that yesterday was the last full trading day before the Christmas holiday and there was a tendency for speculators to clear up open positions before such a long break.

After the Christmas holiday only three days will remain for clearing up open positions. The large "open" position on December cocoa has been causing the market authorities concern for some time.

This was seen reflected in the progressive raising of the deposit rate from the standard £4,000 to the new level of £10,000 a lot.

The real reason for farmers' frustration concerns failure to reach price parity with other member countries in the Community by the end of the transitional entry period on January 1, 1980. This has meant a long way off because of the effects of monetary disinflation.

The consequent corrective measures—compensatory payments—are supposed to equalise farm prices between member States, but in fact they do not. In practice they subsidise exports to the British market.

The assumption is that if these subsidies could magically be wiped out all would be well. Britain's farmers would be able to drive out foreign competition by expanding domestic production.

This is a dangerous nonsense, fostered by ignorance of the real facts. The truth is that climatically, physically and politically, British farming is at a disadvantage compared to much of the rest of Europe.

It is also true that there is at least an overall stagnation, and in some cases actually a reduction, in consumption of many of the main food products (including milk, sugar, beef and wheat). These are all in surplus supply at present and there are demand problems in many other sectors, notably pigmeat and potatoes.

In view of these surpluses there would not seem to be much scope for increased production in the U.K.

U.K. AGRICULTURE Not much Christmas cheer for farmers

By JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

Technically the average British farmer is well up to the standard of his Continental counterpart, but is certainly no better. His farm is generally larger, thanks to the accidents of history, and he employs more labour. However, these economies of scale are largely cancelled out by the very serious disadvantages.

Chimatically Great Britain is bad for arable farming, East Angles excepted. In comparison with much of the rest of Europe, soil types are inferior except in a few places. Average yields for comparable crops are at best no better and in some cases a lot worse, for instance with potatoes and sugar beets.

Grass can certainly be made to grow in Britain helped by the generally moister climate, and this should give dairy farmers a competitive edge. Should be the key word because, according to available statistics, the British cow needs more compound feed per tonne of milk produced than that in any other country bar the Netherlands. Reduced to production from grass alone without this extra feed, yields would be the same as in Ireland—at least a third less per cow.

The cost of compounds, primarily based on grain and its by-products, is a quarter to a third higher in Britain. Where they are higher, as in the other EEC countries, livestock production, particularly pigs and poultry, appears to be concentrated in small farms, where family labour can compensate for high costs and tight margins. In these circumstances economies of scale are largely worthless.

The small number of large-scale British farmers means that British farmers are in an influential minority when it comes to the politics of the Common Agricultural Policy.

The "manifest injustice" in the way in which the pigmeat MCAs are calculated is a clear indication of this. If they were based on the relative costs of the feed ingredients the subsidy would be at least halved and Danish exports of pigmeat to Britain would undoubtedly suffer. So too would Danish farmers and the country's economy. This is why the pigmeat MCAs are calculated in a way which the Commission has the right to say is "manifestly unjust".

There is in fact no scope for expansion of the output of the main temperate foods in the present Community. Indeed attempts at limitation are more likely. In the bargaining for market access what strength is British farming likely to have?

A logical mirror of a United Europe can be found agriculturally speaking, in the U.S. There, with common prices on a national basis, production has moved to those areas most suited to it by climatic and physical conditions. Enormous tracts have been abandoned to scrub and forest although the land is often of a quality at least as good as most of Britain.

Under a true Common Agricultural Policy a great deal of the U.K. farming industry could go the same way.

Japan plans aluminium imports curb

TOKYO, Dec. 22. JAPAN'S SYSTEM for aluminium imports into Japan, to include restrictions, is part of a Bill for general tariff cuts to be presented to Parliament, the Finance Ministry said.

The action on aluminium recommendations submitted by a Government advisory committee would be a 5.5 per cent ad valorem duty from next April onwards, within the as yet unworked quota, with the levy amounting to 9 per cent.

The new quotas were recommended by the tariff committee to the recession-hit aluminium industry, informed by the Trade-Industry Ministry. It had decided to "surplus" aluminium facilities equivalent to those from next April, with a total capacity of 1.25 million tonnes.

EEC Milk Boards plan backed

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE EEC Commission's proposals for the future of the U.K. Milk Marketing Boards have been generally welcomed by the Minister of Agriculture and the Boards. Their approval, however, is qualified by the need for time to interpret how the proposals will work out in practice.

In general it looks as though the Boards will be able to remain as buyers of all milk produced in England and Wales with power to pool prices as at present, but there are some fundamental changes proposed which could give them a very different framework.

The Boards will continue in being if 80 per cent of producers voting are in favour. This should mean a favourable vote, as the smaller and more numerous producers in the eastern half of Britain pooling their milk with the larger producers in the South-East, near centres of population, some of whom have always objected to pooling.

The small farmer element will be helped as voting will be on a personal basis and not weighted by cow numbers as at present.

The Government's present view is that the debate will be long and hard and the final outcome could be very different from first assessments in the Commission. Mr. John Silkin, Minister of Agriculture, said: "I greatly welcome the Commission's recognition of the need to safeguard the essential powers and functions of the Milk Marketing Boards. The retention of the Milk Marketing Boards has been an important part of my strategy in Europe for British Agriculture."

The Boards not only provide a unique service to our dairy industry, but also ensure the retention of the daily doorstep delivery of milk to Britain's families.

We shall, of course, now study the details of the Commission's proposals in consultation with the interests concerned."

National Farmers' Union spokesman said: "Although these are as yet only proposals, we welcome the fact that the Commission recognises the important place of the Milk Marketing Boards to our milk industry. It is essential that the retention of the daily doorstep delivery of milk to Britain's families."

The proposals have, of course, to be approved by the Council of Ministers during the coming months, and milk industries in some member countries have their sights set on invading the British market. There is no doubt that the debate will be long and hard and the final outcome could be very different from first assessments in the Commission.

World silver stocks fall

WASHINGTON, Dec. 22. WORLD STOCKS of refined silver fell 1.2m, to 1.3m ounces in November after a 3.1 ounce rise in October. The Silver Institute reported.

Stocks held by all U.S. refiners totalled 8.1m, up from 7.4m at end-October while stocks for all known foreign refiners rose to 6.4m (5.2m).

U.S. production of refined silver fell to 13m ounces in November, U.S. refiners disposed of 14.4m (10.9m).

Zinc output halt planned

TOKYO, Dec. 22. MITSUI MINING and Smelting Company said it plans to suspend zinc output at its Kametake Zinc Mines and zinc smelter for a few weeks next February because of a persistent slump in demand and depressed prices.

Mitsui said the mines have in central deposits estimated at 42m tonnes. They produce one million tonnes of zinc and 86,000 tonnes of lead in 1977.

The smelter has a 70,000-tonnes-a-year capacity.

COMMODITY MARKET REPORTS AND PRICES

Commodity	Unit	Price	Change
Gold	100g	378.50	+0.25
Silver	100g	23.10	+0.05
Copper	100lb	168.50	+0.50
Aluminium	100lb	112.00	+0.20
Iron	100lb	18.50	+0.10
Steel	100lb	15.50	+0.05
Wheat	100lb	12.50	+0.10
Barley	100lb	10.50	+0.05
Oats	100lb	8.50	+0.05
Rice	100lb	15.50	+0.10
Soybeans	100lb	18.50	+0.10
Wool	100lb	25.50	+0.10
Grain	100lb	10.50	+0.05
Beans	100lb	12.50	+0.10
Peas	100lb	10.50	+0.05
Lentils	100lb	10.50	+0.05
Flour	100lb	12.50	+0.10
Maize	100lb	10.50	+0.05
Barley	100lb	10.50	+0.05
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Grain	100lb	10.50	+0.05
Beans	100lb	12.50	+0.10
Peas	100lb	10.50	+0.05
Lentils	100lb	10.50	+0.05
Flour	100lb	12.50	+0.10
Maize	100lb	10.50	+0.05
Barley	100lb	10.50	+0.05
Oats	100lb	8.50	+0.05
Rice	100lb	15.50	+0.10
Soybeans	100lb	18.50	+0.10
Wool	100lb	25.50	+0.10
Grain	100lb	10.50	+0.05
Beans	100lb	12.50	+0.10
Peas	100lb	10.50	+0.05
Lentils	100lb	10.50	+0.05
Flour	100lb	12.50	+0.10
Maize	100lb	10.50	+0.05
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Peas	100lb	10.50	+0.05
Lentils	100lb	10.50	+0.05
Flour	100lb	12.50	+

STOCK EXCHANGE REPORT

Little interest being shown ahead of Christmas break Index 1.6 harder at 481.6—Gilts shade easier—Distillers up

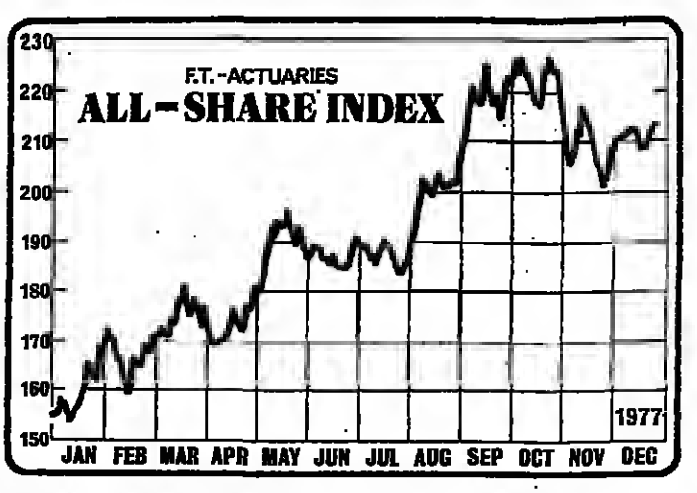
Account Dealing Dates for the new long tap stock, Treasury 10 1/2 per cent, 1990, came after hours and had no impact on the market with prices holding at the levels ruling at the official 3.30 p.m. close of official trade. Short-dated issues fared similarly, initial losses ranging to a 1/4 times being pared to 1/8. In contrast to the main funds, Corporations recorded scattered gains of 1/2 to 1/4, increasing hopes of an interim settlement prompted gains in Southern Rhodesia stocks, the 2 1/2 per cent, 1985-70, rising a point to 59 and the 6 per cent, 1978-81, 3 to 77. Conditions in the investment currency market quietened considerably yesterday after Wednesday's excitement caused by the abolition of the 25 per cent premium, however, moved erratically, on mainly professional business, is expected to start at, or near, par to-day. Quotations of the long tap had attracted very much less activity than expected, but the shorts were up amounts ranging to 1/4; yesterday's fall in sterling, mainly reflecting a sharp in the U.S. Dollar following President Carter's package of measures, was hardly a factor in the market.

Shares of overseas concerns likely to benefit from the increased freedom to deal following Wednesday's announcement of the abolition of the 25 per cent surrendering rule made a mixed showing, investors apparently having an inclination to take a view ahead of the January 1 starting date for the new measure. The previous day's enhanced levels were thus virtually untested.

South African Gold shares, one of the main sectors affected by the change, generally eased and the Gold Mines index retreated 0.5 to 132.4 after Wednesday's improvement of 3.1. Australian Mines, on the other hand, made further headway. Leading equities traded within narrow limits but at slightly higher levels as seen in the fairly static performance of the FT 30 share index which, after being close with a rise of 1.6 at 481.6, only half a dozen of the index constituents ended with price movements exceeding twopence. Overall, rises led falls in FT-quoted Industrials by 40-1 and the FT-Actuaries indices headed a shade; Wines and Spirits provided the feature here with a rise of 3 per cent, at 248.19 following the EEC ruling on Distillers' dual pricing system.

Gilts quietly dull
British Funds passed a quietly dull session yesterday. Long-dated stocks drifted off and recorded gains of 1/4 before picking up to close 1/8 easier on balance. The eagerly awaited allotment details

Further good gains were recorded in selected Buildings. Buying on bid hopes brought about improvements of 9 and 10 respectively in May and Bassell, 78p, and Marchwell, 236p, while Richard Costain put on 7 to 264p and International Timber 6 to 116p. Cement Roadstone rose 1/2 to 118p and Tarmac added 4 to 139p as did Vibropant at 152p and SGB at 144p; the preliminary results of the last-mentioned are due on January 10. Ormic Developments were wanted at 56p, up 3 1/2, and Crouch gained 3 to 63p. Dealings in George Daw, unchanged at 158p, were suspended at the company's request in front of today's expected announcement regarding the bid discussions. BCA at 53p.



Home Banks better
The major clearing banks edged higher in thin trading. Midland put on 5 to 1977 peak of 886p, while similar improvements were seen in Barclays at 336p and Lloyds at 286p. NatWest hardened 3 to 263p. Those overseas issues which had ground the previous day in response to the Bank of England's decision to abolish the 25 per cent surrendering rule on the dollar premium gave a mixed showing yesterday. Hongkong and Shanghai at 353p, lost 9 of the previous day's rise of 14 but Bank of New South Wales improved 8 more to 459p, making a two-day advance of 25. In mixed Discounts Union gave up 5 to 400p but Kings and Shaxson rose 4 to 70p.

Little of interest took place in Composite Insurances. General Accident closed unaltered at 240p, making no apparent response to the announcement that the group is to raise car premiums by 9 per cent, next February.

Distillers became a better market at 175p, up 5 after the previous day's late hour of nervousness which followed the EEC ruling that the company must abandon its dual pricing policy. Other Distillery issues continued to make headway on hopes that they may benefit from Distillers' proposal to withdraw from the U.K. market the sale of Johnnie Walker Red Label and Chimple brands and increase prices of some others. Highland were noteworthy for a fresh gain of 9 at 139p along with A. Bell, 8 dealer at 234p. Invergordon and Tomatin improved 5 to 107p and 107p respectively. Leading Breweries were inclined harder in quiet trading.

Asset value considerations together with bid and recovery hopes induced another good demand for Burton which continued to dominate proceedings in Stores; the ordinary rose 9 more to a 1977 peak of 122p and the A added a further 5 to 114p, after 116p, for respective gains of 20 and 30. Elsewhere, Marks and Spencer ended a penny to 161p and UDS to 85p. Secondary concerns featured Forminster up 4 to 118p, after 120p, in front of today's interim figures. W. L. Pawson edged forward 2 to 32p following acquisition details. Walrus Fashion declined 4 to 56p in reply to the lower first-half profits. Cape Sportsweek shed 5 to 83p.

Wilkinson Match down
Recent speculators in Wilkinson Match were disappointed by the news that the company had not contemplating a full-scale bid and the former reacted 10 to 203p, after 200p; Allegheny Ludlum has just acquired a 29 per cent stake in W31 from Swedish Match at a cost of 260p a share, and in another proposed deal hopes to gain a controlling interest of the U.K. concern. News that Arah interests have increased their holding revived bid hopes in Talbot, which ended 2 1/2 up at 141p, after 142p. Press comment on the annual results helped Sotbey Parke Bernet gain 4 to 210p, while further consideration of improved first-half profits left Negretti and Zambesi 3 to the good at 79p. Speculative demand on bid hopes saw Avon Rubber rise 10 to 189p in active trading, and brought gains to around 5 in Vinton, 77p, Robinson, 82p, and Amalgamated Gibbons, 170p, and Getzner "A", 160p. The miscellaneous Industrial results were narrowly mixed.

International shared a penny to 75p, following Press comment on the final quarter's figures. Boots, however, were 3 better at 225p, while Bank Organisation gained 4 to 246p.

Among Motors, Lyon and Lyon encountered speculative support at 75p, up 7, while York Trailer, a recent bid favourite, revived and put on 4 to 75p. Still reflecting the recent annual results, Bimmed put on 2 to 62p. Dewy tried 2 to 149p and Supra improved a similar amount 3 1/2.

North Sea oil-orientated stocks among Thompsons closed 8 more at 650p and Daily Mail and General News at 515p, while Associated closed 3 to the good at 156p. Elsewhere, Benn also ended 3 better, at 62p. In Paper/Printing, Mills and Allen International were again popular at 100p, up 3.

Properties improve
Properties presented a firm picture, although business left much to be desired. Great Portland gained 8 more to 314p and Scottish Metropolitan 2 to 112p. Stock Conversion, 254p, and Hamerton "A", 593p, added 4 and 3 respectively, while Law Land put on 2 to 383p. Rush and Tompkins proved a speculative attraction at 97p, up 5. British Petroleum fared best in

FINANCIAL TIMES STOCK INDICES

	Dec. 22	Dec. 21	Dec. 20	Dec. 19	Dec. 18	Dec. 17
Government Secs.	77.48	77.00	77.68	77.52	78.22	78.09
Fixed Interest	80.28	80.17	80.08	79.78	79.26	79.00
Industrial Ordinary	481.6	480.0	478.6	480.8	471.5	472.1
Gold Mines	132.4	132.0	129.6	127.0	129.0	128.8
Div. Yield	5.54	5.56	5.97	5.86	5.56	5.66
Earnings '77 ('000000)	16.83	16.87	16.90	17.19	17.14	17.09
P/E Ratio (incl. Div.)	8.48	8.48	8.40	8.26	8.68	8.21
Debtors (incl. Div.)	23.789	4.186	4.001	3.407	3.009	3.972
Equity Turnover %	—	69.54	67.47	45.82	40.67	57.12
Equity Surplus £m.	—	10,754	10,675	8,512	8,488	8,712

19 a.m. 489.9, 11 a.m. 481.6, Noon 481.6, 1 p.m. 481.6, 2 p.m. 481.6, 3 p.m. 481.6, 4 p.m. 481.6, 5 p.m. 481.6. Last: Index 481.6.

HIGHS AND LOWS - S.E. ACTIVE

	1977	1976	1975	1974	1973	1972
Govt. Secs.	79.85	80.45	127.4	49.18	—	—
Fixed Int.	80.50	80.49	150.4	50.58	—	—
Ind. Ord.	549.3	547.6	281.47	48.4	—	—
Gold Mines	174.5	165.1	148.5	45.5	—	—

OPTIONS TRADED

DEALING DATES

First Deal.	Last Deal.	Declaring Date	Settlement Date
Nov. 22	Dec. 5	Feb. 23	Mar. 7
Dec. 6	Dec. 19	Mar. 9	Mar. 21
Dec. 20	Jan. 10	Mar. 30	Apr. 11

NEW HIGHS AND LOWS FOR 1977

The following securities quoted in the Information Service were new highs and lows for 1977.

NEW HIGHS (107)	NEW LOWS (107)
FORWARDING (1)	LANARK (1)
BUILDING (4)	CHEMICAL (2)
ENGINEERING (4)	CINEMA (2)
INDUSTRIALS (2)	DRAPERY & STORES (7)
CONSUMER GOODS (2)	PROPERTY (3)
NEWSPAPERS (1)	SHIPPING (1)
PAPER & PRINTING (2)	TITLES (2)
TEAS (1)	UTILITIES (2)
AMERICANS (1)	WINE & SPIRITS (1)

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ACTIVE STOCKS

Stock	Denomina- tion	Closing price (p)	Change on day	1977 high	1977 low
Thorn Elect.	50p	251	+ 5	435	194
Distillers	80p	175	+ 5	193	120
BAT's Defd.	25p	235	+ 2	260	202
BP	7	864	+ 8	966	776
Avon Rubber	1	189	+ 10	190	74
Barclays Bank	1	338	+ 1	345	228
European Ferrries	1	393	+ 1	414	331
ICI	1	357	+ 1	446	323
Ladbroke	10p	202	+ 6	203	89
Reed Intl.	1	125	+ 2	233	118
Shell Transport.	25p	636	+ 2	635	454
Grand Met.	50p	102	+ 1	108	62
ICI "A"	25p	216	+ 1	217	175
GKN	1	272	+ 1	369	260
Lloyds Bank	1	256	+ 6	290	185

RECENT ISSUES

Issue	Price	Yield	Term
104 P.P.	117	10.8	10/10/80
104 P.P.	117	10.8	10/10/80
104 P.P.	117	10.8	10/10/80

FIXED INTEREST STOCKS

Stock	1977 High	1977 Low
1100 P.P.	100	100
1100 P.P.	100	100
1100 P.P.	100	100

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS	Thurs., Dec. 22, 1977	Wed. Dec. 21	Thurs. Dec. 20	Wed. Dec. 19	Fri. Dec. 18	Thurs. Dec. 17	Wed. Dec. 16	Thurs. Dec. 15	Fri. Dec. 14	Sat. Dec. 13	Sun. Dec. 12	Mon. Dec. 11	Tue. Dec. 10	Wed. Dec. 9	Thurs. Dec. 8	Fri. Dec. 7	Sat. Dec. 6	Sun. Dec. 5	Mon. Dec. 4	Tue. Dec. 3	Wed. Dec. 2	Thurs. Dec. 1	Fri. Dec. 31	Sat. Dec. 30	Sun. Dec. 29	Mon. Dec. 28	Tue. Dec. 27	Wed. Dec. 26	Thurs. Dec. 25	Fri. Dec. 24	Sat. Dec. 23	Sun. Dec. 22	Mon. Dec. 21	Tue. Dec. 20	Wed. Dec. 19	Thurs. Dec. 18	Fri. Dec. 17	Sat. Dec. 16	Sun. Dec. 15	Mon. Dec. 14	Tue. Dec. 13	Wed. Dec. 12	Thurs. Dec. 11	Fri. Dec. 10	Sat. Dec. 9	Sun. Dec. 8	Mon. Dec. 7	Tue. Dec. 6	Wed. Dec. 5	Thurs. Dec. 4	Fri. Dec. 3	Sat. Dec. 2	Sun. Dec. 1	Mon. Dec. 31	Tue. Dec. 30	Wed. Dec. 29	Thurs. Dec. 28	Fri. Dec. 27	Sat. Dec. 26	Sun. Dec. 25	Mon. Dec. 24	Tue. Dec. 23	Wed. Dec. 22	Thurs. Dec. 21	Fri. Dec. 20	Sat. Dec. 19	Sun. Dec. 18	Mon. Dec. 17	Tue. Dec. 16	Wed. Dec. 15	Thurs. Dec. 14	Fri. Dec. 13	Sat. Dec. 12	Sun. Dec. 11	Mon. Dec. 10	Tue. Dec. 9	Wed. Dec. 8	Thurs. Dec. 7	Fri. Dec. 6	Sat. Dec. 5	Sun. Dec. 4	Mon. Dec. 3	Tue. Dec. 2	Wed. Dec. 1	Thurs. Dec. 31	Fri. Dec. 30	Sat. Dec. 29	Sun. Dec. 28	Mon. Dec. 27	Tue. Dec. 26	Wed. Dec. 25	Thurs. Dec. 24	Fri. Dec. 23	Sat. Dec. 22	Sun. Dec. 21	Mon. Dec. 20	Tue. Dec. 19	Wed. Dec. 18	Thurs. Dec. 17	Fri. Dec. 16	Sat. Dec. 15	Sun. Dec. 14	Mon. Dec. 13	Tue. Dec. 12	Wed. Dec. 11	Thurs. Dec. 10	Fri. Dec. 9	Sat. Dec. 8	Sun. Dec. 7	Mon. Dec. 6	Tue. Dec. 5	Wed. Dec. 4	Thurs. Dec. 3	Fri. Dec. 2	Sat. Dec. 1	Sun. Dec. 31	Mon. Dec. 30	Tue. Dec. 29	Wed. Dec. 28	Thurs. Dec. 27	Fri. Dec. 26	Sat. Dec. 25	Sun. Dec. 24	Mon. Dec. 23	Tue. Dec. 22	Wed. Dec. 21	Thurs. Dec. 20	Fri. Dec. 19	Sat. Dec. 18	Sun. Dec. 17	Mon. Dec. 16	Tue. Dec. 15	Wed. Dec. 14	Thurs. Dec. 13	Fri. Dec. 12	Sat. Dec. 11	Sun. Dec. 10	Mon. Dec. 9	Tue. Dec. 8	Wed. Dec. 7	Thurs. Dec. 6	Fri. Dec. 5	Sat. Dec. 4	Sun. Dec. 3	Mon. Dec. 2	Tue. Dec. 1	Wed. Dec. 31	Thurs. Dec. 30	Fri. Dec. 29	Sat. Dec. 28	Sun. Dec. 27	Mon. Dec. 26	Tue. Dec. 25	Wed. Dec. 24	Thurs. Dec. 23	Fri. Dec. 22	Sat. Dec. 21	Sun. Dec. 20	Mon. Dec. 19	Tue. Dec. 18	Wed. Dec. 17	Thurs. Dec. 16	Fri. Dec. 15	Sat. Dec. 14	Sun. Dec. 13	Mon. Dec. 12	Tue. Dec. 11	Wed. Dec. 10	Thurs. Dec. 9	Fri. Dec. 8	Sat. Dec. 7	Sun. Dec. 6	Mon. Dec. 5	Tue. Dec. 4	Wed. Dec. 3	Thurs. Dec. 2	Fri. Dec. 1	Sat. Dec. 31	Sun. Dec. 30	Mon. Dec. 29	Tue. Dec. 28	Wed. Dec. 27	Thurs. Dec. 26	Fri. Dec. 25	Sat. Dec. 24	Sun. Dec. 23	Mon. Dec. 22	Tue. Dec. 21	Wed. Dec. 20	Thurs. Dec. 19	Fri. Dec. 18	Sat. Dec. 17	Sun. Dec. 16	Mon. Dec. 15	Tue. Dec. 14	Wed. Dec. 13	Thurs. Dec. 12	Fri. Dec. 11	Sat. Dec. 10	Sun. Dec. 9	Mon. Dec. 8	Tue. Dec. 7	Wed. Dec. 6	Thurs. Dec. 5	Fri. Dec. 4	Sat. Dec. 3	Sun. Dec. 2	Mon. Dec. 1	Tue. Dec. 31	Wed. Dec. 30	Thurs. Dec. 29	Fri. Dec. 28	Sat. Dec. 27	Sun. Dec. 26	Mon. Dec. 25	Tue. Dec. 24	Wed. Dec. 23	Thurs. Dec. 22	Fri. Dec. 21	Sat. Dec. 20	Sun. Dec. 19	Mon. Dec. 18	Tue. Dec. 17	Wed. Dec. 16	Thurs. Dec. 15	Fri. Dec. 14	Sat. Dec. 13	Sun. Dec. 12	Mon. Dec. 11	Tue. Dec. 10	Wed. Dec. 9	Thurs. Dec. 8	Fri. Dec. 7	Sat. Dec. 6	Sun. Dec. 5	Mon. Dec. 4	Tue. Dec. 3	Wed. Dec. 2	Thurs. Dec. 1	Fri. Dec. 31	Sat. Dec. 30	Sun. Dec. 29	Mon. Dec. 28	Tue. Dec. 27	Wed. Dec. 26	Thurs. Dec. 25	Fri. Dec. 24	Sat. Dec. 23	Sun. Dec. 22	Mon. Dec. 21	Tue. Dec. 20	Wed. Dec. 19	Thurs. Dec. 18	Fri. Dec. 17	Sat. Dec. 16	Sun. Dec. 15	Mon. Dec. 14	Tue. Dec. 13	Wed. Dec. 12	Thurs. Dec. 11	Fri. Dec. 10	Sat. Dec. 9	Sun. Dec. 8	Mon. Dec. 7	Tue. Dec. 6	Wed. Dec. 5	Thurs. Dec. 4	Fri. Dec. 3	Sat. Dec. 2	Sun. Dec. 1	Mon. Dec. 31	Tue. Dec. 30	Wed. Dec. 29	Thurs. Dec. 28	Fri. Dec. 27	Sat. Dec. 26	Sun. Dec. 25	Mon. Dec. 24	Tue. Dec. 23	Wed. Dec. 22	Thurs. Dec. 21	Fri. Dec. 20	Sat. Dec. 19	Sun. Dec. 18	Mon. Dec. 17	Tue. Dec. 16	Wed. Dec. 15	Thurs. Dec. 14	Fri. Dec. 13	Sat. Dec. 12	Sun. Dec. 11	Mon. Dec. 10	Tue. Dec. 9	Wed. Dec. 8	Thurs. Dec. 7	Fri. Dec. 6	Sat. Dec. 5	Sun. Dec. 4	Mon. Dec. 3	Tue. Dec. 2	Wed. Dec. 1	Thurs. Dec. 31	Fri. Dec. 30	Sat. Dec. 29	Sun. Dec. 28	Mon. Dec. 27	Tue. Dec. 26	Wed. Dec. 25	Thurs. Dec. 24	Fri. Dec. 23	Sat. Dec. 22	Sun. Dec. 21	Mon. Dec. 20	Tue. Dec. 19	Wed. Dec. 18	Thurs. Dec. 17	Fri. Dec. 16	Sat. Dec. 15	Sun. Dec. 14	Mon. Dec. 13	Tue. Dec. 12	Wed. Dec. 11	Thurs. Dec. 10	Fri. Dec. 9	Sat. Dec. 8	Sun. Dec. 7	Mon. Dec. 6	Tue. Dec. 5	Wed. Dec. 4	Thurs. Dec. 3	Fri. Dec. 2	Sat. Dec. 1	Sun. Dec. 31	Mon. Dec. 30	Tue. Dec. 29	Wed. Dec. 28	Thurs. Dec. 27	Fri. Dec. 26	Sat. Dec. 25	Sun. Dec. 24	Mon. Dec. 23	Tue. Dec. 22	Wed. Dec. 21	Thurs. Dec. 20	Fri. Dec. 19	Sat. Dec. 18	Sun. Dec. 17
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Table of authorised unit trusts with columns for name, manager, and performance metrics.

CLIVE INVESTMENTS LIMITED table with columns for investment type and value.

CORAL INDEX: Close 481.486 table with columns for index name and value.

INSURANCE BASE RATES table with columns for insurance type and rate.

BASE LENDING RATES table with columns for bank name and interest rate.

FOOD PRICE MOVEMENTS table with columns for food item and price changes.

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FT SHARE INFORMATION SERVICE

HOTELS—Continued

High	Low	Stock	Price	Div	Yield	PE
127	64	W. Charlotte 10p	127	4	3.1	41
127	64	W. Charlotte 10p	127	4	3.1	41
127	64	W. Charlotte 10p	127	4	3.1	41

INDUSTRIALS (Misc.)

High	Low	Stock	Price	Div	Yield	PE
118	32	A.A.R. Research	118	1	0.8	148
118	32	A.A.R. Research	118	1	0.8	148
118	32	A.A.R. Research	118	1	0.8	148

ENGINEERING—Continued

High	Low	Stock	Price	Div	Yield	PE
118	32	A.A.R. Research	118	1	0.8	148
118	32	A.A.R. Research	118	1	0.8	148
118	32	A.A.R. Research	118	1	0.8	148

DRAPERY AND STORES—Cont.

High	Low	Stock	Price	Div	Yield	PE
118	32	A.A.R. Research	118	1	0.8	148
118	32	A.A.R. Research	118	1	0.8	148
118	32	A.A.R. Research	118	1	0.8	148

BUILDING INDUSTRY—Cont.

High	Low	Stock	Price	Div	Yield	PE
118	32	A.A.R. Research	118	1	0.8	148
118	32	A.A.R. Research	118	1	0.8	148
118	32	A.A.R. Research	118	1	0.8	148

AMERICANS—Continued

High	Low	Stock	Price	Div	Yield	PE
118	32	A.A.R. Research	118	1	0.8	148
118	32	A.A.R. Research	118	1	0.8	148
118	32	A.A.R. Research	118	1	0.8	148

**BRITISH FUNDS

High	Low	Stock	Price	Div	Yield	PE
101	101	Treasury 10p 1982	101	10	10.0	10
101	101	Treasury 10p 1982	101	10	10.0	10
101	101	Treasury 10p 1982	101	10	10.0	10

CANADIANS

High	Low	Stock	Price	Div	Yield	PE
117	117	Imperial Oil	117	1	0.8	68
117	117	Imperial Oil	117	1	0.8	68
117	117	Imperial Oil	117	1	0.8	68

BANKS AND HIRE PURCHASE

High	Low	Stock	Price	Div	Yield	PE
117	117	Imperial Oil	117	1	0.8	68
117	117	Imperial Oil	117	1	0.8	68
117	117	Imperial Oil	117	1	0.8	68

ELECTRICAL AND RADIO

High	Low	Stock	Price	Div	Yield	PE
117	117	Imperial Oil	117	1	0.8	68
117	117	Imperial Oil	117	1	0.8	68
117	117	Imperial Oil	117	1	0.8	68

CHEMICALS, PLASTICS

High	Low	Stock	Price	Div	Yield	PE
117	117	Imperial Oil	117	1	0.8	68
117	117	Imperial Oil	117	1	0.8	68
117	117	Imperial Oil	117	1	0.8	68

ENGINEERING MACHINE TOOLS

High	Low	Stock	Price	Div	Yield	PE
117	117	Imperial Oil	117	1	0.8	68
117	117	Imperial Oil	117	1	0.8	68
117	117	Imperial Oil	117	1	0.8	68

FOOD, GROCERIES, ETC.

High	Low	Stock	Price	Div	Yield	PE
117	117	Imperial Oil	117	1	0.8	68
117	117	Imperial Oil	117	1	0.8	68
117	117	Imperial Oil	117	1	0.8	68

BEERS, WINES AND SPIRITS

High	Low	Stock	Price	Div	Yield	PE
117	117	Imperial Oil	117	1	0.8	68
117	117	Imperial Oil	117	1	0.8	68
117	117	Imperial Oil	117	1	0.8	68

CINEMAS, THEATRES AND TV

High	Low	Stock	Price	Div	Yield	PE
117	117	Imperial Oil	117	1	0.8	68
117	117	Imperial Oil	117	1	0.8	68
117	117	Imperial Oil	117	1	0.8	68

DRAPERY AND STORES

High	Low	Stock	Price	Div	Yield	PE
117	117	Imperial Oil	117	1	0.8	68
117	117	Imperial Oil	117	1	0.8	68
117	117	Imperial Oil	117	1	0.8	68

BUILDING INDUSTRY, TIMBER AND ROADS

High	Low	Stock	Price	Div	Yield	PE
117	117	Imperial Oil	117	1	0.8	68
117	117	Imperial Oil	117	1	0.8	68
117	117	Imperial Oil	117	1	0.8	68

FOREIGN BONDS & RAILS

High	Low	Stock	Price	Div	Yield	PE
117	117	Imperial Oil	117	1	0.8	68
117	117	Imperial Oil	117	1	0.8	68
117	117	Imperial Oil	117	1	0.8	68

AMERICANS

High	Low	Stock	Price	Div	Yield	PE
117	117	Imperial Oil	117	1	0.8	68
117	117	Imperial Oil	117	1	0.8	68
117	117	Imperial Oil	117	1	0.8	68

HOTELS AND CATERERS

High	Low	Stock	Price	Div	Yield	PE
117	117	Imperial Oil	117	1	0.8	68
117	117	Imperial Oil	117	1	0.8	68
117	117	Imperial Oil	117	1	0.8	68

Continued



INDUSTRIALS—Continued

Table of industrial stocks including companies like ICI, British Petroleum, and various engineering firms, with columns for stock price, high, low, and volume.

INSURANCE—Continued

Table of insurance companies such as Sun Alliance, Commercial Union, and others, listing their stock prices and market data.

PROPERTY—Continued

Table of property-related stocks and companies, including various real estate and construction firms.

INV. TRUSTS—Continued

Table of investment trusts, listing various funds and their performance metrics.

FINANCE, LAND—Continued

Table of finance and land-related stocks, including banks, insurance companies, and landowners.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade companies, including manufacturers and distributors.

SHIPBUILDERS, REPAIRERS

Table of shipbuilding and repair companies, listing their stock prices and market data.

SHOES AND LEATHER

Table of shoe and leather goods companies, including manufacturers and retailers.

SOUTH AFRICANS

Table of South African stocks, listing companies and their market performance.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publishing companies, including major UK titles.

PAPER, PRINTING ADVERTISING

Table of paper, printing, and advertising companies, listing their stock prices and market data.

TEXTILES

Table of textile companies, including manufacturers and retailers.

TOBACCO

Table of tobacco companies, listing their stock prices and market data.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land-related companies, listing their stock prices and market data.

NOMURA The Nomura Securities Co., Ltd. advertisement with contact information for London and Tokyo offices.

MINES—Continued

Table of mine stocks, including Central African and other mining companies.

AUSTRALIAN

Table of Australian stocks, listing various companies and their market performance.

TINS

Table of tin stocks, listing companies and their market data.

COPPER

Table of copper stocks, listing companies and their market performance.

MISCELLANEOUS

Table of miscellaneous stocks, listing various companies and their market data.

OILS

Table of oil stocks, listing companies and their market performance.

OVERSEAS TRADERS

Table of overseas trading companies, listing their stock prices and market data.

RUBBERS AND SISALS

Table of rubber and sisal stocks, listing companies and their market performance.

TEAS

Table of tea stocks, listing companies and their market data.

Sri Lanka

Table of Sri Lankan stocks, listing companies and their market performance.

Africa

Table of African stocks, listing companies and their market data.

MINES

CENTRAL RAND

Table of Central Rand mine stocks, listing companies and their market performance.

EASTERN RAND

Table of Eastern Rand mine stocks, listing companies and their market data.

FAR WEST RAND

Table of Far West Rand mine stocks, listing companies and their market performance.

O.F.S.

Table of O.F.S. stocks, listing companies and their market data.

FINANCE

Table of finance stocks, listing companies and their market performance.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks, listing companies and their market data.

NOTES section containing detailed financial notes, disclaimers, and information regarding the data presented in the tables.

Recent Issues and Rights Page 18

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security.

REGIONAL MARKETS

Table of regional market data, listing various regional indices and their performance.

OPTIONS

3-month Call Rates

Table of 3-month call rates for various regional markets, listing rates and market data.

INSURANCE

Table of insurance companies, listing their stock prices and market data.

Finance, Land, etc.

Table of finance, land, and other related stocks, listing companies and their market performance.



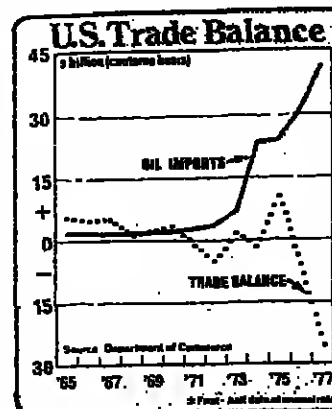
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THE LEX COLUMN

Year-end respite for the dollar

THE LONG TAP was over-subscribed yesterday, but only by a fairly narrow margin of perhaps 1 1/2 times—applications up to 0.5m. pounds were allotted in full.

Index rose 1.6 to 481.6



deal broadly in line with January's 285m. Aggressive shareholders' funds are risen to about £170m.

The dollar

The U.S. dollar perked up smartly on the news that President Carter had not forgotten about it after all.

was anywhere between DM2.20-DM1.90.

Bank advances

The latest quarterly analysis of bank advances underlines the inroads which the foreign banks are making into the clearing banks' traditional territories.

This strategy must add risks, and the stock's doubts are evident in the yield of 8 1/2 per cent.

Trafalgar House

Against a cash flow of £54m. from trading, Trafalgar House had year-end commitments of only £20m.

In fact the balance sheet shows a rise in debt to £176m. from £211m.

Debenhams

Debenhams continues to gobble up cash. The £19m. sale and leaseback transactions which it has now raised from U.S. intervention policy.

New gilts issue less in demand than expected

BY MICHAEL BLANDEN

THE GOVERNMENT'S new £800m. issue of long-dated stock was oversubscribed yesterday following the rises in gilt-edged prices earlier in the week.

Disappointing

Only £15 of this was payable on application with instalments of £40 due on January 9, and February 6.

Market quiet

Trading in the market was very quiet ahead of the holidays. Prices of long-dated stocks ended with a fall of up to 1 1/2 with the short stocks down by up to 1.

Weather

U.K. TO-DAY MOSTLY CLOUDY, rain at times. London, S.E., East, Cent. S. and Cent. N. England, E. Anglia, E. Midlands.

Table with columns: City, Y-day, Mid-day, Y-day, Mid-day. Lists various cities and their weather conditions.

Table with columns: City, Y-day, Mid-day, Y-day, Mid-day. Lists holiday resorts and their weather conditions.

Third whisky group faces EEC probe

BY DAVID BUCHAN IN BRUSSELS AND KENNETH GOODING IN LONDON

ARTHUR BELL and Sons has become the third group to be affected by the European Commission's attack on the trading practices of the Scotch whisky companies.

opening itself to charges of "abuse of a dominant market position" under article 86 of the Rome Treaty.

The Scotch whisky industry will partly have a bleak future if it is forced on the one hand to accept EEC competition rules on the Continent while at the same time being subject to massive duties in the home market.

Mr. Robin Corbett, MP for Hemei Hempstead and chairman of Labour's influential Food and Agricultural Committee, protested about "this grave interference in our own affairs" and branded the Brussels bureaucrats as "the price pirates of the Western world."

Mr. Richard Bods, Conservative MP for Holland with Boston, complained: "This shows clearly that we are no longer able to make our own laws and therefore we cannot drink what we would like to. This is another example of being ruled from Brussels."

It was being assumed in Brussels that the series of marketing changes announced by Distillers indicated the group would not contest the decision.

After the stock market had had a chance to think over the Distillers' moves yesterday the price of its shares moved up 5p to 175p.

There is no doubt that the Distillers' reaction has shored up the company's price in Brussels and they are particularly puzzled by the decision to withdraw Johnnie Walker Red Label from the U.K. market.

Mr. Teddy Taylor, the Shadow Scottish Secretary, was among a number of MPs who voiced their

Vote for revised pay deal ends bakers' dispute

BY PAULINE CLARK, LABOUR STAFF

THE BAKERS' Union called off its overtime ban yesterday after a majority of members in the country's biggest bakers' voted in favour of last Tuesday's revised pay offer.

McDougal, Spillers French and Allied Bakeries—was to only its second day this week when the employers' offer was "re-formulated" to give a better deal to the lower-paid in the industry.

Most areas are expected to have normal bread supplies in the shops again tomorrow although some could be slower to recover, particularly in the North West.

Mr. David Duke Evans, director of the Bakers' Federation, said last night that at the very highest level, some workers would receive an 15 per cent increase.

State to make further early repayments of loans abroad

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GOVERNMENT is extending the policy of early repayment of part of the very large official borrowings raised overseas in the last few years.

The two Gas Council bond issues were raised in 1969, carried 6 1/2 per cent coupons, and were due to mature in 1979 and 1984 respectively.

This became evident yesterday when it was announced that the British Gas Council is to repay next April, ahead of the due date, two bond issues worth DM180m.

A total of DM300m. was originally raised but DM120m. has already been repaid through amortisation. The public issue will be repaid on April 1 at a price of 102 1/2 par cent.

Capital spending rise continues

BY PETER RIDDELL

A MARKED recovery in capital spending by manufacturing industry since the spring is now clearly established, though there is disagreement about the strength of the expected further rise next year.

Although stocks of both work in progress and materials and fuel fell during the quarter, holdings of finished goods are estimated to have risen by £31m.

Final figures published by the Department of Industry yesterday show that manufacturing investment rose by 5 per cent. between the second and third quarters of 1977 to £455m.

The major reductions in total manufacturing stocks occurred in the engineering and metal manufacturing industries, but these were partially offset by an increase in stocks for the food, drink and tobacco sector.

This is almost the same as the provisional estimate, while over the first nine months of the year spending was nearly 6 per cent. higher than in the corresponding period of 1976.

The amount will depend partly on the interest rate advantage for the particular industry and also on the scope for refinancing.

All manufacturing sectors increased their spending on the nine-monthly comparison except iron and steel, coal and petroleum, and textiles, leather and clothing.

In addition, the Government itself is considering early repayment of some of its drawings from the International Monetary Fund.

Investment by the iron and steel sector, notably British Steel, fell by 14 per cent in real terms between the second and third quarters.

The Department of Industry also published revised figures for 1977 showing that the decline in manufacturing industry's physical stocks in the third quarter was rather smaller than at first estimated—at £45m. rather than £70m.—at 1975 prices seasonally adjusted.

CAPITAL SPENDING AND STOCKS

(£m. seasonally adjusted at 1970 prices)

Table with columns: Year, Fixed capital expenditure manufacturing industry, Total, Changes in stocks manufacturing industry, Materials and fuel. Shows data for 1973, 1974, 1975, 1976, and 1977 (1st, 2nd, 3rd quarters).

Source: Department of Industry.

Stores group raises £19m.

By John Brennan, Property Correspondent

DEBENHAMS has raised £19m. for new department store developments by the sale and leaseback of four West Country stores to Legal and General Assurance's pensions management fund.

At the time of its £22m. rights issue in May, Debenhams' directors made it clear that future property developments would primarily be financed by sale and leaseback deals from its £125m. portfolio.

Yesterday, Mr. Kenneth Bishop, the group's finance director, confirmed that Debenhams' two other major developments, Elm stores in Swasea and Ipswich, had been financed by sale and leaseback arrangements with institutions.

Rent reviews

The £19m. sale, finally signed yesterday morning, brings 603,000 sq. ft. of prime, city centre space into the Legal and General fund, Debenhams has sold its stores in Plymouth, Bristol, Gloucester, and Worcester for well above book value.

The leases give the fund five yearly rent reviews, and the two freehold buildings in the package—the 157,000 sq. ft. Gloucester store and the 36,000 sq. ft. Worcester unit—are understood to have sold on yields down to about 5 1/2 per cent.

The low initial yields reflect institutional demand for prime retail property, although in this case Conrad Rohlfs, Debenhams' property consultants, say that the fund was granted a small "discount for size." Legal and General's pensions management fund, which had hoped to complete the deal by its December 7 financial year-end now holds investments of £788m.

Continued from Page 1

\$ moves

the dollar can achieve relative stability, the excessive appreciation of the D-mark against non-dollar currencies over the last few weeks will gradually be corrected.

The Government also noted it had done all it could to ensure that the economic growth rate next year will be higher than this year's.

Simultaneously, the Federal Statistical Office has released figures showing a trade surplus of DM3.1bn. (£783m.) in November, down from DM4.5bn. in October, but up on the DM3.6bn. of November last year.

The West German trade surplus in the first 11 months totals DM34.2bn. against DM31.3bn. in the same period of 1976.

However, the current account surplus for the first 11 months is down to DM13.9bn. against DM19.5bn. in 1976.

Capital spending rise continues

BY PETER RIDDELL

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Final figures published by the Department of Industry yesterday show that manufacturing investment rose by 5 per cent. between the second and third quarters of 1977 to £455m.

This is almost the same as the provisional estimate, while over the first nine months of the year spending was nearly 6 per cent. higher than in the corresponding period of 1976.

All manufacturing sectors increased their spending on the nine-monthly comparison except iron and steel, coal and petroleum, and textiles, leather and clothing.

Investment by the iron and steel sector, notably British Steel, fell by 14 per cent in real terms between the second and third quarters. This is distorting the overall trend, with the result that so far this year the volume of spending by private manufacturing companies has been falling about twice as fast as for manufacturing as a whole.

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